

Aid Needed

Polish Concessions Tighten Moscow Ties

By Craig R. Whitney
New York Times Service

MOSCOW — For all the drama and novelty of the political victories the Polish workers won from their Communist rulers, the long-term effect of the costly settlement may be a further tightening of Poland's economic embrace with the Soviet Union.

Speaking privately, Soviet officials say the Warsaw government will have to turn to Moscow for the economic and financial help it will need to pay its debts to the West and meet the cost of the wage increases and food, estimated at \$3.3 billion, that were promised to get the striking workers back to their jobs.

In the long run, the Russians seem to feel, the ideological concessions that went with the accord will wither away as the Poles come to their senses and see that only hard work will get them out of their economic crisis.

Underlining Ties

Meanwhile, underscoring the ties of alliance that make Poland the Soviet strategic bulwark in Eastern Europe, the Russians are moving in with economic aid more than matching Western offers.

The announcement Thursday of "additional deliveries of some manufactures and food products" this year, probably token amounts matching similar aid already forthcoming from East Germany and Poland's other Eastern European allies, is just the beginning.

President Carter said Friday in Washington that the United States would make new credit guarantees of \$670 million available for the purchase of grain. Officials said the credit being extended, representing a 20 percent increase over what was awarded during the current fiscal year, was aimed at counterbalancing Soviet aid.

Eastern European informants here say that the Soviet Union also agreed this summer to step up annual deliveries of oil by four million metric tons, which could free Polish foreign-currency reserves that would otherwise be used to buy oil on the world market.

No Announcement

There has been no official announcement of this agreement, said to have been made last month. A Polish delegation that left here Friday is believed to have asked for additional trade concessions.

The Soviet announcement Thursday also did not say how much additional food and equipment would be shipped to Poland this year. The Russians themselves are importing meat and grain.

Although the aid to the Poles was announced over the wires of Tass, the Soviet government's press agency, the announcement was not in the newspapers, possibly because hard-pressed Soviet consumers might not understand why even small amounts were being diverted to Poland.

"We will help the Poles because we have to," a Communist Party

analyst said. "The Poles are our most important allies, the key to our security in Eastern Europe. The West won't move in to save them. They owe the West \$20 billion already. We will help them now, and then they will just have to work harder."

Foreign Trade

Almost a third of Poland's foreign trade is with the Soviet Union, and last year the Poles spent the ruble equivalent of nearly \$6 billion for Soviet goods, including \$1.7-billion worth of oil.

The Poles still had to cover about 30 percent of their oil needs by buying on Western markets, and, according to Eastern European sources, the Polish leader, Edward Gierk, induced Leonid Brezhnev, the Soviet leader, during talks in the Crimea in August to step up Soviet oil deliveries. Mr. Gierk was also said to have obtained a Soviet hard-currency loan of \$550 million to help cover interest payments on the Western debt.

But on July 1 Mr. Gierk's team had to increase the price of meat, subsidized at the cost of \$3.3 billion a year. This sparked the strikes that eventually swept him away and brought Stanislaw Kania to the head of the party.

Concessions

"The price rise was a stupid move," a Soviet official said. "You have to keep workers happy in a socialist state."

The Polish authorities are trying to do this by granting wage increases, promising more food and making political concessions, including independent labor unions with the right to strike, and a relaxation of censorship.

For the moment Soviet insiders say they are pleased with the solution as explained by one of the men who negotiated it, Mieczyslaw Jagielski, a deputy premier. In the long term, however, independent trade unions and strikes are incompatible with the Soviet version of Marxist-Leninist doctrine.

Bonn Race Controversy

(Continued from Page 1)

issue that Mr. Schmidt and the Social Democrats have allowed the public sector debt to triple in the last 10 years so that it is now at \$231.8 billion. This, in turn, it is charged, has increased borrowing and hurt private investment.

Although the issue is dismissed by the Social Democrats as irresponsible scare politics, it has potential appeal for older voters who remember how their savings were swept away through currency reforms caused by the public debt that resulted from two world wars.

The bishops' remarks on the debt seemed to especially goad Mr. Schmidt, who served as a national elder of the West German's Lutheran Church. In Brunswick yesterday, he commented, "There is nothing in either the Old or the New Testament about how to manage state finances."

Church Debates

"We who speak for the state," the chancellor continued, "do not interfere in church debates such as those about contraception or celibacy."

The extent to which the bishops' statement irritated the Social Democrats was apparent in a reply made by Hans-Jochen Vogel, a Social Democrat and Roman Catholic. The letter, he said, would not simplify relations between the party and the church, which have improved in recent years after a long period of strain.

Choosing the topics the Social Democrats saw fit for church commentary, Mr. Vogel said he was surprised that the letter had not mentioned foreign aid, the relationship between rich and poor nations, or what he described as a growing antagonism toward foreigners in West Germany.

Schmidt to Visit U.S.

BONN (AP) — Chancellor Schmidt will visit the United States after the November elections for talks with the newly-elected president, it was reported Sunday.

An article in a Social Democratic publication quoted Mr. Schmidt as saying that he intended to press for a deepening of the U.S.-Soviet dialogue in talks "either with the newly-elected or re-elected president."

Northern India Floods

The Associated Press

NEW DELHI — Torrential rains and flooding rivers have left 40,000 persons homeless in the remote northeastern state of Tripura and caused widespread destruction, the United News of India reported Saturday. One person was reported to have drowned.

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Turkish soldiers watch streets of Ankara Saturday afternoon after new military junta eased a curfew and residents returned.

Rightist Chief Surrenders To Turkey Coup Leaders

(Continued from Page 1)

provisional and an 8 p.m. curfew on its 45 million citizens.

Authorities reportedly arrested all 17 deputies of Mr. Turkes' National Action Party, 22 of Mr. Erbakan's National Salvation Party, 33 from Mr. Ecevit's Republican Peoples Party, 25 from Mr. Demirel's Justice Party and five independent or minority delegates. The military has not confirmed the arrests.

There were 22 terrorists condemned to death by civilian courts before the coup, but whose execution had not been carried out by the civilian government. Sources close to the new junta said that the 22 were likely to soon be executed.

The junta was particularly eager to capture Mr. Turkes, a former colonel, for fear he would lead the militant rightist "Grey Wolves" in a guerrilla war against the new military government.

Sources close to the junta said that it was likely that Mr. Turkes will be tried for a variety of offenses, including incitement to violence.

Mr. Turkes joins the country's three other leading party figures, Mr. Demirel, opposition leader Bulent Ecevit and Islamic fundamentalist Necmettin Erbakan under the "protective custody" of the military.

Mr. Demirel and Mr. Ecevit, both of whom are being held with their wives at a military base in Hamzakoy on the Galibolu peninsula, talked by phone Sunday with the editor of the Turkish News Agency.

Both said that they were in good health, but could not discuss the coup.

Sources close to the junta said that no final decision has been made on what to do with the major party leaders, as well as the estimated 120 other political figures in army custody.

An analysis of those arrested by the centrist newspaper Gunaydin indicated that almost all of Mr. Turkes' parliamentary following had been taken into custody as well as the majority of Mr. Erbakan's Islamic fundamentalist National Salvation Party.

Security Courts

The left wing of Mr. Ecevit's Republican Peoples Party was reported in protective custody, as were members of Mr. Demirel's Justice Party from the Kurdish regions of eastern Turkey.

Among the reforms being considered by the junta is establishment of a network of "security courts" to try terrorists. Sources said that the decisions would be final and there would be no recourse to appeal.

The sources said that the army is currently contacting retired army judges to staff the courts. Unlike the temporary martial law courts now in existence, the new ones would be permanently established in the constitution to be written by the junta.

In an effort to streamline the

Britain May Suspend Singapore Concorde

The Associated Press

LONDON — British Airways will suspend Concorde flights to Singapore because of heavy financial losses, the Sunday Telegraph has reported. It said that Cabinet ministers already have been informed and that governments over which the supersonic airliner flies are being consulted.

A spokesman for the state-owned airline refused to confirm the report. But he said the Singapore Concorde service is being reviewed as part of an overall review of British Airways' services being undertaken because of worldwide economic recession.

Evren's Major Problems

Violence, NATO Role Face Turkish Leader

By Drew Middleton
New York Times Service

NEW YORK — Gen. Kenan Evren, the leader of the new Turkish military government, faces the double task of defeating terrorism and bolstering his country's position as NATO's bastion in the troubled Middle East.

Both Gen. Evren, the army chief of staff, and Gen. Haydar Salik, head of the new National Security Council, are strong supporters of Turkey's NATO membership but are said to resent what they consider insufficient attention by the Carter administration to the Turkish need for arms and spare parts.

Gen. Evren's first task, analysts said, will be to combat terrorism by well-armed groups representing the extreme left and the extreme right in Turkish politics.

He has pleaded repeatedly for more authority for commanders operating under martial law in several Turkish provinces and for more stringent punishment of terrorists. He is said to be acutely sensitive to the spread of terrorism in the Ezzurum and Kars areas on the Russian and Iranian frontiers.

Described as a slight, gray-haired man noted for being soft-spoken, Gen. Evren was born in Alasehir, near Izmir, in 1918. Like most officers of his generation, he regards the army as the guardian of the republic founded by Kemal Ataturk, the most successful Turkish soldier of the century.

Gen. Evren graduated from the Turkish Military Academy in Ankara in 1938 and was later an artillery officer at the General Staff College in Istanbul. Considered strongly pro-Western, he commanded a Turkish artillery regiment in the Korean War.

No Political Ambitions

Although deeply concerned by the previous civilian government's inability to cope with terrorism, the general has no political ambitions, according to Turkish diplomats in Washington. Calling him a quiet family man who is "cautious and steady," they said that he "is not like the Brazilian and Argentine generals who have seized power" in that "he does not want to install a military regime that will perpetuate itself."

The diplomats guessed that he saw the combination of terrorism and the deteriorating military situation

as the main reason for the current crisis that was almost as bad as that facing Turkey today. In 1971, it was the political system's failure to deal with the wave of terrorism.

This time, the nation is faced with a disastrous economic situation, despite more than \$6 billion in Western loans and debt-servicing relief promised by Turkey's NATO allies, and a mushrooming explosion of terrorism that was dangerously approaching civil war.

At least six times this year, the military high command warned the politicians that they should put aside their traditional squabbling in order to save the nation from ruin. Only two weeks ago, Gen. Evren warned that the continued weakening authority of the state was helping the spread of terrorism.

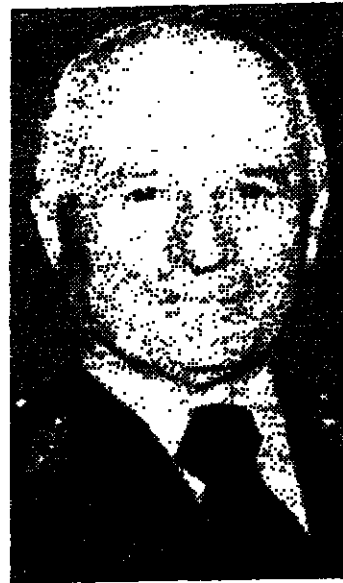
Since last spring, the politicians had managed to let their disputes totally paralyze the parliament with a deadlock over the election of a new president to succeed retired Adm. Fahri Korutluk, whose term expired in April. More than 100 ballots have been cast with no results, effectively preventing the assembly from taking up any further legislation, including action on new security measures the armed forces felt were imperative.

The detention or "protective custody," as the military put it, of Gen. Ecevit and at least 100 other members of parliament testifies to the armed forces' anger at the failure of the politicians.

While the military junta has put the politicians on ice, it is seeking to keep the economic technocrats hard at work, reflecting their own appreciation that the only slightly positive aspects of Mr. Demirel's most recent 10-month rule came in the draconian economic reforms he prescribed for Turkey in January to stave off bankruptcy.

The importance of the junta attaches to maintaining these reforms was underlined by the speed with which they met — twice during the course of Friday — with the reform's architects, Turgut Ozal, director of the state planning organization, and Hakkı Aydinoglu, head of the central bank.

The reforms, which seek to revolutionize Turkey's cumbersome, protectionist and subsidized state economy by throwing it open to world market forces and investment, brought a flood of loans and reputation in the country are being viewed by diplomats and NATO government officials as the most optimistic signs that the generals eventually will honor their promise to return to the barracks once order is restored.



Gen. Kenan Evren

in the Middle East as a menace to Turkey that could be countered only by the temporary imposition of martial law.

They also noted that Gen. Evren was concerned over the future of his three daughters at a university in Ankara and agreed that it was difficult to envisage him as a potential dictator. But they emphasized his worry over Turkey's ability to contribute effectively to the defense of NATO's southern flank.

The Turkish army has 470,000 men in 17 divisions and 16 independent brigades; the air force has 303 combat planes.

Gen. Evren and Salik, one analyst said, are clearly aware of both Turkey's importance to NATO and the fact that the alliance's command system in the Aegean affords most Turkish officers, who believe it gives too much authority to Greece.

But NATO analysts said that the new leadership will be too concerned about its own military situation to accept tokens like the recent \$50 million loan approved by the U.S. Congress. They predict that once Gen. Evren has brought terrorism under control, he will ask for a thorough examination of the quickest means of transforming Turkey's units into a modern force.

Military Tradition Is Apolitical

Turkish Generals Acted With Reluctance

By Loren Jenkins
Washington Post Service

ROME — The generals who overthrew the government of Turkish Premier Suleyman Demirel did so reluctantly and as a reaction to a disintegrating internal political situation, according to the generals' own explanations and the views of Western diplomats in Europe.

It appears to be a Middle Eastern coup with a difference. The Turkish military has stepped in not to change the country's course radically, but rather to preserve Turkey's ties to the United States and the North Atlantic Treaty Organization and to try to restore some financial health to the nation.

Gen. Kenan Evren's first statements to the nation, and to Turkey's Western allies, stressed that the army had acted reluctantly and as a last resort to avoid civil war. As portrayed by him, the coup was a virtual carbon copy of the two previous military interventions in the past 20 years.

The action was dictated by alarm at the murderous wave of terrorism, both of the extremist left and right, which had left more than 2,000 people dead since the beginning of the year — including 220 this month alone — and out of impatience with the country's divisive politicians, who clearly were

fiddling while the nation was burning.

Since the founding of the modern Turkish Republic by Kemal Ataturk in 1923, the armed forces have twice intervened against the politicians they felt were leading the nation toward disaster. In both cases — in 1960, when they unseated Premier Adnan Menderes, and

NEWS ANALYSIS

in 1971, when they overthrew Mr. Demirel's first government — the armed forces, as they promised, restored civilian rule in less than 18 months after their takeover.

Western diplomats in Turkey long have maintained that the Turkish generals seriously abhor intervening in politics. They consider themselves professional soldiers and believe that their role should be the defense of the nation, not the dictation of its policies.

But when the politicians have failed, as they did in each of these previous crises, leading the nation toward economic or political collapse, the generals took upon themselves the responsibility of being the guarantors of unity and national integrity.

In 1960, they blamed Menderes, who was later tried and executed

exercising its own powers to the utmost.

But, he added, he had another philosophy of the Canadian system: "That there is a provincial level that transcends the provincial ones, and when there is a conflict, the national view must prevail, because Canada is more than the sum of its parts, more than the sum of 10 provincial economies."

One of the main beneficiaries of the conference may be Mr. Levesque. He intends to use the conference's failure in the next provincial election to persuade Quebecers to change their minds about their opposition to separatism. "I hope," Mr. Levesque told the closing session, "that those who voted no in the referendum can now see how imprudent they were."

Despite this, Mr. Levesque was praised by several premiers for working closely with them at their conflicts with Mr. Trudeau. Mr. Levesque supported the moves for increased provincial powers and rejected Mr. Trudeau's proposed bill of rights, fearing that it could be used to overturn Quebec's language and education laws.

Mr. Trudeau said that he will announce his proposed course of action "in due course" to the Canadian people. He said he would meet with his fellow Liberal Party members of Parliament on Wednesday and his Cabinet on Thursday before making the announcement.

WORLD NEWS BRIEF

Deng Seeks to Defuse 'Gang of Four' Trial

United Press International

PEKING — Vice Chairman Deng Xiaoping Sunday appeared to be bracing for the assault on the legacy of the late Chairman Mao.

Mr. Deng announced that the politically volatile trial of the "Gang of Four" who helped Mao seize power from reigning monarchism will be held soon. But Mr. Deng said that the court will judgment on Mao's role in the 10-year Cultural Revolution.

Mr. Deng said the trial of the four, headed by Mao's widow Qing, should be handled with care because it involves delicate. The other three members of the Gang of Four are Wang Hung Wenyuan and Zhang Chunqiao, who seized power from Mao by Liu Shaoqi, in 1966. Mr. Deng made his comments to a from the Japanese Komeito Party.

Hand Grenade Injures 27 in Salisbury

Salisbury — Twenty-seven persons were injured, four when a hand grenade was lobbed into a crowded beerhall in S Chitungwiza township Saturday night, police said Sunday.

The attack was the second of its kind in three days. A man by a grenade outside the same beerhall Thursday. Press report attackers were wearing T-shirts issued by Home Affairs Minister Nkomo's Patriotic Front party and peppered a crowd with a fire. But the party denied its followers were involved.

About 17,000 guerrillas from Prime Minister Robert Mugabe's African National Liberation Army are to be moved to the town this month. But a police spokesman declined to say the grenade attack was connected with the controversy in the over the plan. Some residents have expressed fears of an violence since the guerrillas will be armed.

East-West Clash Looms at Madrid Conf.

The Associated Press

MADRID — The United States and the Soviet Union appear for a confrontation over rules and agenda when the preparatory 35-nation second European conference to review the agreements resumes here on Monday.

The Soviet Union has hinted that it might not support future to review the five-year-old Helsinki accords. The Russians favored a system that, unlike the rules in force at the 1977-78 conference that the West proposes keeping, requires no followings to judge compliance.

But the U.S. chief delegate, Max Kampelman, said that as Belgrade and Madrid were necessary to keep the Conference on Security and Cooperation in Europe alive and well. Differences of U.S. desire to take up the Soviet record on human rights and violation in Afghanistan.

Russia Firm on Agenda for U.S. Missile

Reuters

MOSCOW — The Soviet Union has signaled that it would promise on its demand that American nuclear-armed aircraft be included from the start in talks with the United States of missile arsenals on the continent.

An article on Saturday in the Communist Party newspaper quoting from a Kremlin statement in July, said the so-called "ward-based systems" must be discussed simultaneously and connection "with medium-range rockets in any negotiations."

Kuwait Aide Accuses W Of Ignoring OPEC Plan

(Continued from Page 1)

world institutions were set up after 1945, and the developing countries will assert themselves either through a global deal or through chaos," he said.

A negotiated economic reform is what OPEC leaders hope can emerge from their strategy. The collapse of an earlier attempt to start a limited Gulf-Europe dialogue, Mr. al-Sabah said, was due to OPEC members' reluctance to start discussions until OPEC first set this overall framework.

The OPEC long-term strategy calls for "informal talks between a few major oil producers and consumers, at technical and expert level, and if these initial contacts are successful and promising, then formal negotiations."

But Mr. al-Sabah warned that if the West resists all concessions and the talks fail, then OPEC will lose the ability to enforce discipline on its members.

"How long can we convince our governments to ignore market advantages if the other side is not making any concessions?" he said. "The situation will allow individual countries to charge more and produce less oil, and the strategy will collapse, not by design, but because of market pressures."

60 a Barrel

Oil pricing in the new OPEC strategy is designed to raise prices smoothly, protecting the oil exporters' earnings from depreciation and gradually raising the real price of oil. Under the OPEC formula, oil now selling for about \$30 a barrel, will double by 1990 to \$60 a barrel — roughly equivalent to the expected cost of synthetic fuel intended to replace oil.

Oil prices would rise faster than inflation because part of the price increase — probably about three percent — would be based on economic growth in the industrial countries. Asked if this is an OPEC formula to confiscate future Western profits, Mr. al-Sabah said: "We are holding down oil prices now to allow industrial countries' economies to recover, so when they recover we should obtain part, a small part, of the extra cake."

To maintain oil prices during temporary gluts, as at present, OPEC countries will lead money — possibly in the form of indexed bonds — to poorer member countries so that they can afford to cut back exports without losing revenue. OPEC experts say that the current oil glut will dry up fast if Saudi Arabia reverses its production ceiling as part of the new strategy.

The certainty of rising oil prices, OPEC officials say, will encourage industrial countries to invest in energy conservation and alternative sources of power, thus prolonging the life of the world's oil reserves.

For developing countries, OPEC proposes to increase its financial assistance, largely through the OPEC Special Fund, by \$3.5 billion for every 10 percent rise in oil prices. Much of this aid would be grants, but the newly industrialized countries — including Singapore, Thailand, Philippines, India, Taiwan and South Korea — will get medium-term loans on commercial terms.

Stronger Voice

While offering an energy dialogue to industrial countries, OPEC insists that Western governments also expand aid to the devel-

oping countries and in excess to Western markets also wants a stronger international financial system, such as the International Monetary Fund, which Mr. al-Sabah said has favored industrial at the expense of developing countries.

Then, OPEC is "ready certain degree of assurance West on security of oil according to the text of plan, which goes on to mention of industrialized may eventually cause about price as long as predict the future (world costs) with more concrete other words, the OPEC hope that a system of price rises will eliminate setting meetings that have led such political heat in the Many Western officials see this view, but they remain, at least publicly, a plan's feasibility. OPEC yet proved its ability to oil supply effectively to prices without overvaluing world economy."

These officials also at the West is powerless, so itary intervention, to sit from proceeding with its Reflecting the changing perceptions of OPEC, oil cartel, who used to emphasize impact of higher oil prices industrial countries, have their attacks to OPEC's economies of Third World tries.

Charge Rejected

The charge is rejected by Sabah. "It is futile to try OPEC and the rest of the World," he said. "And all play around with numbers a case: for instance, higher have made OPEC state market, and contribute to the world economy. We have dia and South Korea have ed more from their incie and exports to us than it suffered from their incie bills."

The new aid offer in long-term strategy is intie be a spectacular gesture of ity to clinch the developi ties allegiance.

OPEC officials are insis the West should match the ocity. But they see trends decreasing Western aid, increasing protectionism, we're satisfied that pro being made on these issue not ready to discuss any anybody," Mr. al-Sabah said.

Many OPEC analysts that Western governments trying to shift the entire be Third World aid onto OPE spite the fact that the orga gress national product of OPEC countries amounts of a medium-sized Europe try.

"And just because we aid without taxing our pop does not mean that aid is p painless for us," Mr. al said, "because it means in that we are taxing future tions and there are ple Kuwaitis who contest this p.

OPEC also has a long o of other Western concessio cluding access to Western p for OPEC countries' petro products, transfer of ad technology, development of gy-intensive industries in countries, the most favora status for OPEC countries.

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Terms Could Be Diversion S. Officials Unsure of Khomeini's Intent

Bernard Gwertzman
New York Times Service
WASHINGTON — U.S. officials are unsure if the latest conditions for the release of the American hostages are a diversionary tactic to gain additional Moslem support for his anti-American

In the full text of the message, issued to mark the annual pilgrimage to Mecca, the ayatollah seemed bothered by the differences in the Islamic world, the most dramatic being Iran's armed clashes with Iraq, for which he blamed the United States. Only in the next-to-last paragraph did he switch his tone away from the shrill rhetoric to list the conditions for the hostages' release.

Discussing the conflict with Iraq, the ayatollah said, "The great Satan [the United States] — whose fear is that the Islamic revolution of Iran may be exported to other Islamic and non-Islamic countries, thus cutting its evil hand from the countries under its domination — could not accomplish anything without an economic blockade and military attacks."

No. 1 Enemy

"The United States is continuously attacking Iran and sending spies to Iran to defeat the Islamic revolution of Iran. The United States is the No. 1 enemy of the oppressed and deprived nations of the world. We are at war with America and today the hand of America has come out of the sleeve of Iraq," he said. "We have turned our backs to the West and to the East and the United States and the Soviet Union, and intend to rule our country ourselves."

Then, after discussing Iran's efforts to chart its own revolutionary course, Ayatollah Khomeini raised the question of the hostages, saying the hostages were taken by the fighting, committed and Moslem students was the natural reaction to the damages that have been inflicted on our nation by the United States," he said.

Being Reasonable

"On the return of the deposed shah's wealth and the cancellation of all the United States claims against Iran, a guarantee of no United States military and political interventions in Iran and the freeing of all our investments, the hostages will be set free," he said. But he added that "of course, I have given this duty to the Islamic Consultative Assembly so that it may decide on any course of action that it deems beneficial to the interest of the nation."

Some officials said that the ayatollah's comments on the hostages were probably aimed at Moslem countries, such as Saudi Arabia and Pakistan, which had been urging Iran to end the crisis and free the hostages. His conditions, which seem to amount to the minimum that he is urging the parliament to demand, could be an effort to demonstrate that Iran is being reasonable in the crisis.

Of the conditions listed by the ayatollah, officials said it would be difficult to even identify the shah's holdings. There are also claims being made in court against Iran's frozen assets. The United States could easily issue a statement of nonintervention in Iranian affairs.

But officials noted there was nothing in the ayatollah's statement suggesting a willingness to negotiate or otherwise work with the United States to resolve the crisis. Some officials believe that the ayatollah's statement represented a middle ground between those such as President Abolhasan Bani-Sadr seeking a quick end to the crisis and radicals in the parliament who want to hold on to the hostages and further confront the United States.

Thus, when the parliament, which is controlled by the fundamentalist Moslems, takes up the hostage issue, Ayatollah Khomeini is in the position to support any decisions that are actually taken, including demands that go beyond his own terms, officials said.

Reagan Backs 3 of Khomeini Terms

By Douglas E. Kneeland
New York Times Service

WASHINGTON — Ronald Reagan has called for the United States to agree to three of the four terms that Ayatollah Ruhollah Khomeini apparently has set for releasing the American hostages.

"Assuming that the terms for the release of our citizens by the government of Iran obviously have been reported in the press," Mr. Reagan, the Republican presidential nominee, said Saturday in a brief news conference called before addressing the Italian-American Foundation here, "we can and should agree to unfreezing the Iranian assets now held by us, cancellation of any and all claims against Iran, and non-intervention in Iran's domestic affairs."

"The fourth point is the matter of the shah's property," Mr. Reagan said. "This cannot be considered without due process of law."

"Having agreed to these points we must also all insist that the hostages be released immediately upon conclusion of an agreement, that there be no delays, introduction of additional demands or waiting for fulfillment of an agreement."

Ayatollah Khomeini, Iran's revolutionary leader, set out the conditions for the release of the 52 American hostages in a broadcast. One of his demands was that the United States turn over the property of the late shah, although he omitted a frequent demand for an American apology for actions in Iran.

"I also pledge that if elected I will observe the

terms of an agreement," Mr. Reagan said. "Let me add that there should be no delay in freeing the hostages with any thought by Iran that it might get better terms after the election in November."

Mr. Reagan said he still believed that U.S. policy "should have been that we would not negotiate until our citizens are released."

"In this case, however, we abandoned that position more than eight months ago so it is not a subject for debate," he said. "The overriding concern now is the return of our citizens who have been held captive for almost a year in violation of international law."

In remarks prepared for the Italian-American group's banquet, Mr. Reagan extolled the virtues of Italian-Americans and asserted, as did President Carter in a speech to the group Saturday night, that his policies were the closest to that community's traditions and ideals.

Mr. Carter, in his speech, praised contributions by Italian-Americans in science, education and the arts in his speech.

"And just think, where would we politicians be without Machiavelli?" the president asked.

"Sempre avanti!" Mr. Carter declared at the end of his speech, using the Italian phrase for "always forward."

Rep. John Anderson, the independent presidential candidate, was invited to speak at the banquet here but did not respond, according to a spokesman for the Italian-American group.

U.S. Manhunt Under Way for 9 Iranians

By Ron Shaffer
Washington Post Service

WASHINGTON — Federal immigration officials have ordered a nationwide manhunt for nine Iranians jailed during a demonstration in Washington in July and released shortly afterwards but who, they now say, should have been held for deportation.

The nine were among 191 pro-Ayatollah Ruhollah Khomeini demonstrators arrested July 27 and transferred to two federal prisons in Otisville, New York. All were set free after senior officials of the Immigration and Naturalization Service said that checks into their visa status turned up only two who were in the country illegally.

The two were also released and are among those being sought. The nine include several others whose illegal presence in the country at the time of the demonstration was known to immigration officials outside New York but not to those on the scene.

The order, sent as a top priority telegram earlier this month to nine immigration offices around the country, informed agency investigators that subsequent checks into the immigration status of the demonstrators revealed that at least seven more were deportable at the time of their release.

Investigation Ordered

Immigration investigators have charged that the 191 demonstrators were released before checks on their status could be completed. Their allegations initially were denied strenuously by senior INS officials, but the national INS office later ordered an investigation into the circumstances surrounding the protesters' release.

Of those who were being sought at the time they were arrested here, one had been in the country illegally since his student visa expired in October, 1979. Immigration officials had been looking for him since March of this year, the telegram showed.

The visa of another had expired in January, 1979. He had also failed to register as an Iranian student following the issuing of regulations late last year requiring all Iranian students to do so. A third had been asked to appear for an interview with investigators prior to the July 27 demonstration, but never reported.

China Foreign Students

PEKING — Nearly 600 foreign students have been admitted to Chinese universities and colleges this academic year, the highest since 1973, the Chinese Education Ministry said Saturday.

Heavy Casualties Reported in Panjshir Valley Afghan Clashes Confirmed by Diplomats

By Michael T. Kaufman
New York Times Service

NEW DELHI — Diplomats in New Delhi said Saturday that fighting between Islamic rebels and Soviet and Afghan forces was continuing in Afghanistan's Panjshir valley, where Afghan exiles had earlier claimed to have pinned down a Soviet tank column.

A diplomatic source here could say only that there seemed to be serious fighting in the narrow part of the valley about 50 miles (80 kilometers) north of Kabul. The source said there were heavy casualties, presumably on both sides.

The diplomatic confirmation of the fighting in this region came a week after rebel sources here and in Pakistan began telling of battles in the gorges where every invading force since Alexander the Great has met opposition.

Since the Russians intervened in Afghanistan last December, the Wile valley region has reportedly provided sanctuary for a number of guerrilla bands, and on at least two occasions Soviet units led sweeps intended to drive out the guerrilla units who regularly attacked traffic on the key valley road. According to rebel sources, the guerrillas were again anticipating such an attack before the cold weather sets in.

On this occasion when a Soviet tank column started into the steep Salang Pass, just north of the Panjshir River, rebel units reportedly monitored but did not check the advance. But at a narrow point, the rebels reportedly blasted the steep hillsides setting off an avalanche that was said to have cut off the column's retreat. Rebel claims, which have tended to be overblown in the past, were that as many as 20 tanks were destroyed and that a dozen helicopters were downed.

The rebel informants said that Soviet and government forces suffered heavy casualties while their own losses were described as moderate. There was no independent

assessment available as to the scale of fighting.

The diplomatic sources here also reported that, in addition to the fighting in the Panjshir valley, clashes of varying intensity have also taken place in the last three days at Aibak, about 90 miles (144 kilometers) northwest of the Salang Pass, and at Kunduz, a northern city, 18 miles (29 kilometers) south of the Soviet Union. There were also clashes reported by the diplomats at Dhibala, a village near the Pakistan border. Finally, the diplomats here said that there was fighting at Chaki Wardak, a village on the road from Kabul to Ghazni in the south and at sites in Konar and Laghman provinces, to the east of Kabul.

In the city of Kandahar, shopkeepers ended a three-day protest and opened their stores, the diplomats here reported. They added that in Herat, the major city in western Afghanistan, the historic walled city remained in the hands of rebel forces and was "a no-go zone for Soviet and Afghan troops."

The capital itself is said to be relatively quiet though several diplomats here reported that in the last week Soviet patrols have again taken up positions on the streets during the day. Generally, the Soviet troops had confined their policing duties to night duty.

High Visibility

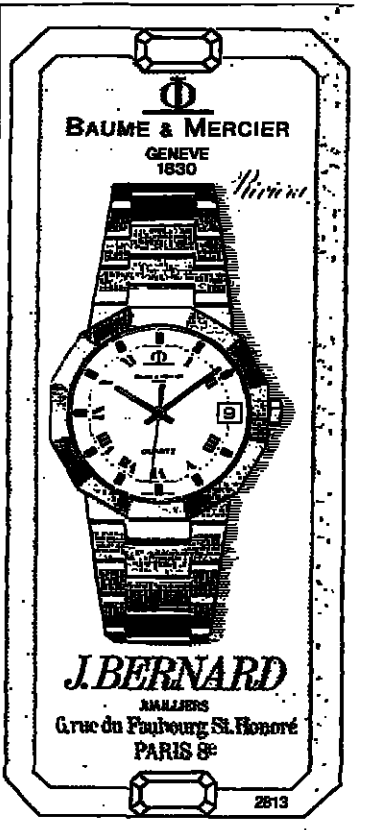
On the political front, the diplomats reported that, after secluding himself for some time, President Babrak Karmal has been maintaining high visibility, speaking to many groups. He was reported to have recently addressed a group described as "Kabul city intellectuals."

In the part of his address that was later published, the president was reported as saying "it is a mistake that only the People's Democratic Party of Afghanistan can save the people of our country from oppression." This reference was interpreted as suggesting that

Rebels Claim to Kill 2 Afghan Ministers

ISLAMABAD, Pakistan — Moslem rebels claimed Sunday that insurgents had killed two Afghan Cabinet ministers and three other officials at what was supposed to have been a truce meeting with unarmed tribesmen.

Most accounts said at least one, and possibly two, Cabinet ministers were slain by the insurgents.



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Sultanate Will Become Independent in 1984

Brunei 'Sailing Through' a Serene Transition Phase

By Henry Kamm

New York Times Service

BANDAR SERI BEGAWAN, Brunei — Having failed in its long struggle to put off full independence from Britain, the Sultanate of Brunei is sailing serenely through a transition period before it is to take its place among independent nations on Jan. 1, 1984.

On that day, Brunei, a 2,226-square-mile protectorate on the northern coast of Borneo, will have to take full control of the two areas of government activity that it would prefer that Britain keep: foreign affairs and the military. The Sultan, Sir Muda Hassanal Bolkiah, has long been in charge of everything else.

Brunei, an enclave in the Malaysian state of Sarawak on the South China Sea, has no reason to be intimidated by the fateful date in 1984. Its problems — if they can even be considered problems — are the reverse of those of the developing nations that have gained independence since the end of World War II.

No Debts

Brunei has no debts, foreign or domestic. Its reserves are conservatively estimated to be more than \$4 billion. Before the last increase in world petroleum prices earlier this year, the sultan's chief financial officer, John Lee, a Briton, announced to the appointed Legislative Council a budget for 1980 that would add about \$2 billion to these reserves.

Mr. Lee is known for consistently and significantly underestimating Brunei's earnings at the beginning of each year.

Brunei's land and offshore oil fields currently produce 250,000 barrels a day. The per capita gross national product, which comes almost exclusively from crude oil and liquefied natural gas, works out to \$16,000 a year. Brunei's population is 200,000.

As a result of this wealth, which is unique in Southeast Asia, Brunei's citizens and permanent residents — mostly Malays and people of Chinese descent — live well by regional standards. There

is no unemployment. Its farmers are largely part-time crop producers with permanent jobs on the government's overstuffed payroll, and there is no visible poverty.

Low-Interest Loans

In 1978, more than 30,500 privately owned non-commercial automobiles were registered, with new cars arriving at a rate of 200 a month. The government's 14,000 employees are eligible for low-interest car loans, and only this year did the government phase out a loan program for color television sets. The government also finances employees' pilgrimages to Mecca.

There is a pension plan for citizens and free health care for all. The government provides housing for its staff and paid vacations are the general rule.

Education is free, even in remote villages, and pupils of talent can count on being subsidized for higher education. Many are sent abroad for university or technical education, mainly in Britain. Brunei has no universities.

These far-reaching benefits are extended by a government that

reserves all powers for itself, which means the sultan, 34, and his father, the former sultan, Sir Omar Ali Saifuddin, who abdicated in favor of his son in 1967.

The government, headed by a chief minister and including expatriate Britons such as Mr. Lee in key technical posts, functions largely in an advisory capacity to the sultan, who, like his father before him, runs the country paternalistically.

There are no political parties, and labor unions function tamely. When the drivers of water taxis between here and the large settlement of Kampong Ayer, built on stilts in the Brunei River, recently refused to work after an increase in fuel prices that was unaccompanied by a rise in fares, the government's chief information officer was sent to the wharf to inform the striking boatmen that they were not on strike. The strike collapsed.

Some people who staged a revolt in December, 1962 over the prospect of Brunei's joining the new federation of Malaysia remain in prison without having ever been tried. Estimates of the number of

these inmates range from eight to 40, but, like other information about Brunei, no confirmation can be obtained from government sources. The chief information officer, Hadji Badaruddin Bin Pengarah, declined to answer any substantive questions in an interview at his office.

Islam Emphasis

Sixty percent of the people here are Moslem. Emphasis on Islam, the state religion, has increased in recent years as steeply as oil revenues. The few remaining establishments that serve alcoholic beverages now display signs putting them off limits to Moslems. Moslem women are frequently reminded of dress codes. And television and radio news broadcasts seldom mention other religions or religious figures.

The religious affairs department is regarded as the most influential in the government. Many mosques are being built in addition to a grandiose marble structure that dominates this capital city of 50,000. Islamic education and broadcasts are on the increase.

However, foreign observers assert that the government's religious activities remain traditional, with no sign of a trend toward fundamentalism or the application of Koranic prescriptions and penalties as secular law. Brunei is believed to be wary of drawing close to the Pan-Islamic movement and is said to regard the Arab world suspiciously, as a source of possible terrorism and the upsetting of the established order.

As in the case of its slowly evolving relationship with Britain, from which it expects a continued military presence after 1984, Brunei has been proceeding with great caution. "It is striving manfully to get into the 18th century," said one Western diplomat assigned to this region.

Specialist Claims World Terrorism Likely to Increase

SANTA MONICA, Calif. — International terrorism is likely to increase in the 1980s as governments turn to terrorism to carry out their political aims, a specialist says.

"Terrorism is becoming institutionalized, and the public is accepting it," Brian Jenkins, director of the Rand Corp.'s research program in security and subnational conflict, told a just-ended international conference on terrorism.

"We have individual [terrorist] groups and individuals acting on behalf of military governments. Nations openly avow they will assassinate [their enemies] abroad," Mr. Jenkins said. "That is one of the trends that caused some concern at this conference."

Mr. Jenkins spoke at a news briefing in Santa Monica with Anthony Quinton, a State Department official. Mr. Quinton said terrorist acts aimed at such major events as the Olympic Games were discussed during the conference, as were the sabotage of oil super-tankers, intentional oil spills and hijacking of liquid natural gas transports.

Battle Reported

BAGUIO CITY, Philippines — (AP) Officials said Sunday that government troops had killed five guerrillas during a battle in Abra Province against Communist insurgents led by a Roman Catholic priest. There were no government casualties, officials said.

Bombings Prompt Philippine Crackdown

United Press International

MANILA — President Ferdinand Marcos has ordered his martial law authorities to crack down on terrorism after a series of bombings killed an American woman and injured 33 persons.

Terrorists bombed seven government and business enterprises in Manila Friday, killing Mrs. Annie Kuzmuk, 51, of Newark, N.J., the wife of an American business executive who was among shoppers at a supermarket in suburban Makati when a bomb concealed in a grocery bag exploded at a check-out counter.

A group calling itself the April 6th Liberation Movement claimed responsibility for the bombings, the worst to hit Manila since Mr. Marcos' declaration of martial law in 1972. It said in a communique that Filipinos must now fight for freedom "regardless of the cost."

It was feared that the crackdown on what Mr. Marcos called "international and domestic anarchists and terrorists" might also be used to further suppress peaceful opposition to his strong-arm rule.

In a series of directives, Mr. Marcos ordered the arrest of suspected subversives and their leaders, "dragnet operations" against "criminal" hideouts, and the enforcement of tough security measures, including the setting up of mobile checkpoints in Manila and body searches of people entering certain buildings.

Mr. Marcos also directed a close watch on communications, power, water, energy and other public utility sources and the re-arrest of detainees who have violated the terms of their temporary releases.

The orders were issued after Mr. Marcos met with the general military council amid apprehension

that terrorists seeking his overthrow will strike again with the anniversary of his declaration of martial law just eight days away, Sept. 21.

"The wanton and ruthless killings and injury of innocent civilians compel the national government to exercise its powers in order to protect the people from these international and domestic anarchists and terrorists," Mr. Marcos said.

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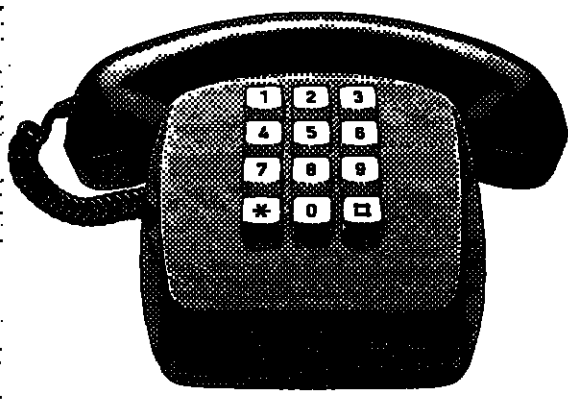
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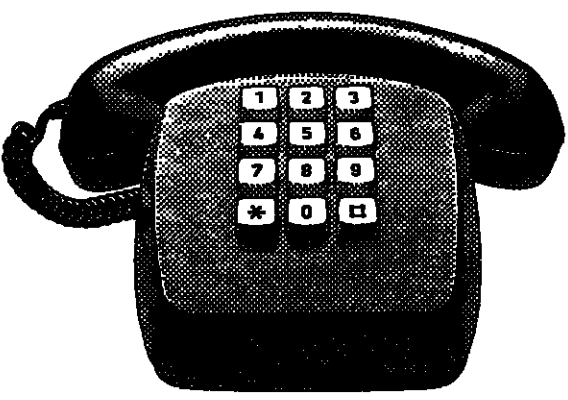
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Trade financing



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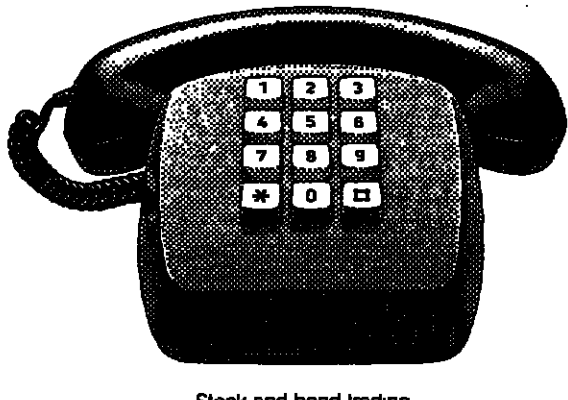
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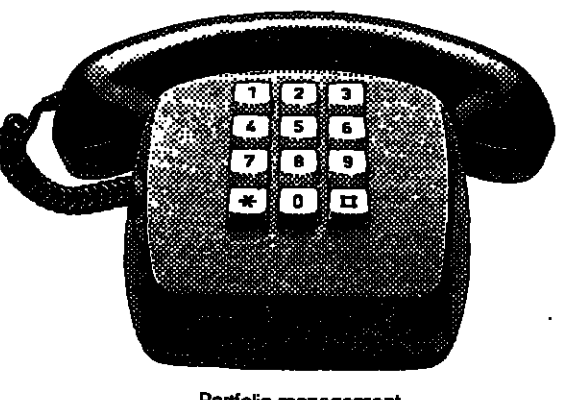
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A group of 16 demonstrators, including South Korean residents of Japan, fasting in Tokyo park Saturday to protest the trial of Kim Dae Jung. One holds a picture of the South Korean dissident.

Kim Makes Final Appeal, Denies Sedition Charge

By Henry Scott Stokes

New York Times Service

SEOUL — Kim Dae Jung, in a final appeal before a court-martial trying him for treason, has denied that he ever plotted to overthrow the government and appealed for a speedy return to democracy in South Korea.

Mr. Kim, who faces a possible death sentence if convicted of the charges facing him, conceded in court Saturday that he had violated some martial law edicts and that he might have committed some currency law violations.

"I have made every effort to achieve democracy," Mr. Kim, South Korea's leading dissident, said in a two-hour summation. "But I never tried to seize power by an insurrection."

He said that sedition, for which he is charged, "is something that I never imagined or thought of."

The four generals who are sitting as judges at his trial are expected to hand down a verdict this week. His conviction on six charges, including attempted sedition, appears certain, and a death penalty is probable, observers said.

As Mr. Kim was making his final appeal, a group of wives and relatives of 24 men accused with him of plotting the overthrow of the government staged a demonstration at which they shouted "Long live democracy" and "Long live Kim Dae Jung." They were carried from the courtroom by guards. Witnesses said the guards halted the disturbance quickly and without violence.

It was the last of 18 sessions. Earlier in the week prosecutors had demanded a death sentence for Mr. Kim and prison sentences of up to 20 years for the others on trial.

In his statement, Mr. Kim issued an appeal on behalf of those being tried with him. They include university professors, pastors, writers, politicians and students. "I don't want any leniency," he said. "I take full responsibility but please do not be unfair to others."

In his summation, he also said: "The government must bear initial responsibility for student dem-

onstrations in May across the country. The government tried the patience of students by not lifting martial law for over six months, when it had no reason to continue.

"The obscenity of the government's timetable for political reforms give grounds for suspicions about its pledges to democratize the country."

"Moral Responsibility"

As a politician, Mr. Kim said, he accepted "some moral responsibility for the demonstrations," saying "I still do not understand why students came onto the streets." The government said there had been 2,300 demonstrations up to mid-May involving altogether 350,000 students at 120 universities seeking to end the state of martial law after the assassination of President Park Chung Hee last October.

Mr. Kim criticized himself, other leaders including the president, Choi Kyu Hah, and members of the new National Assembly for failing to "find opportunities for dialogue and compromise" in the spring before the universities erupted. "Instead, all involved sought their own interest," he said.

He conceded that he had probably violated martial law decrees against holding meetings without permission and that he had broken foreign exchange laws by keeping \$10,000 sent him by a brother-in-law in the United States and also a small sum in Japanese yen that he had not converted to South Korean won.

Mr. Kim rebutted several points in the indictment, including the charge that he said in an article in The New York Times on Feb. 23, 1973, that "you can have bread in North Korea though there is no freedom, while South Korean people have neither bread nor freedom." The wording was: "Since Communism at least guarantees them bread, you can very well see which way these people will be going."

Mr. Kim's appeal was cautiously phrased and contained no attacks on Gen. Chun Doo Hwan, who assumed the presidency on Aug. 27.

North Korea Urges Talks On Peace Treaty With U.S.

United Press International

TOKYO — North Korea Sunday promised to end its military alliance with China and the Soviet Union if the United States would sign a peace treaty with the Pyongyang government formally ending the Korean War.

But the statement by North Korean President Kim Il Sung did not include making South Korea a full partner in talks on a peace treaty to end the 1950-53 conflict — a point demanded by Washington.

"We will dissolve our military alliance with China and the Soviet Union at the very moment when we sign a peace treaty" with the United States, Mr. Kim told a visiting Japanese delegation, Kyodo news agency reported from Pyongyang.

Mr. Kim emphasized that scrapping North Korea's military pact with Peking and Moscow was contingent on a similar move by South Korea and the United States, including a withdrawal of U.S. troops.

Mr. Kim told the Japanese that North Korea wants the peace treat-

ty to replace the present armistice agreement, a cease-fire document that the North Koreans and their Chinese allies signed with the United Nations Command 27 years ago.

Repeated Invitations
North Korea has repeatedly extended invitations to Washington to open direct bilateral talks to negotiate an end to the Korean War. But the United States has insisted that South Korea should be a full party to the talks and the peace treaty — a point repeatedly rejected by North Korea.

In his talks with the Japanese, Mr. Kim proposed that the South Koreans could participate as observers at the talks, Kyodo said. He also pledged that his nation had no intention of reunifying the divided country by force as it did 30 years ago when its troops poured into South Korea.

The peace initiative by Pyongyang was made as both Koreans accused each other of resuming a propaganda war with loudspeakers along the border.

Thais Ship Refugees Border A

1,000 in UN Camp Reportedly Affected

By John Burge

Washington Post Service

BANGKOK — Thailand to remove almost 1,000 refugees from United Nations camps and place them in a frontier settlement controlled by Cambodian groups, according to Western sources.

Last week, about 230 refugees were quietly moved to a new site. The relocations are being done "illegally," people there long-established (after Thailand officially then closed. Some foreign workers feel that the amount to forced relocations.

Diplomats said that military may also try to illegal refugees from UN up to accommodate the C exodus last fall. They said this could involve 15,000 persons at a camp, Khao I Dang.

Bangkok representatives UN high commissioner goes said they had not o the Thai plans. "The p being relocated within 11 areas in which they will to receive international spokesmen said.

Exposed to Attacks

However, many Westerners in Bangkok say the high commissioner's office ignored its mandate to protect. Many border areas may be in Cambodia, it is argued, and are expected to be attacked by Vietnamese troops, border guerrillas.

Living standards are lower in the border area, many international agencies regular access although supply food to the Thai delivery.

About 280,000 Indochinese are currently in UN camps in Thailand. Refugees believe that only a few of them could be re- third countries.

Diplomatic sources say the hands-off attitude UN high commissioner goes toward illegals may ed to slow the coming from Cambodia.

Hopes of resettlement United States have di large numbers of persons ally are immigrants and ically oppressed refugees organization believes.

Phnom Penh to Nationwide Elections

The Associated Press

BANGKOK — The Cambodian government has announced it will hold general elections throughout the country. 1981. The Vietnamese news reported Sunday.

The agency cited a statement by the Cambodian government after Vietnamese forces occupied Phnom Penh. The government of Phnom Penh in January, 1979, no further details.

Portugal to Talks on Timor With Indonesia

The Associated Press

LISBON — Nearly five years after Indonesian troops occupied Portuguese-ruled Timor, Lisbon has announced it will seek direct talks with Jakarta for independence of land territory.

"The Portuguese government remains faithful to its obligations and responsibilities toward the Timorese people's right to self-determination," a statement in the Cabinet late Friday read. The statement said that Portugal, legally still holding a position over the territory, would propose direct negotiations with the Indonesian troops launched, and air invasion in Dec. 1975, would propose direct negotiations with the Jakarta government.

Lisbon's one proviso was, it said, would be the nation by Portugal of "the nation created in East Timor, legally de facto rule, would be involved."

Portugal broke off diplomatic relations with Indonesia after invasion and made requests for withdrawal through channels and at the United Nations.

India, Zambia Sign Cooperative Agreement

United Press International

NEW DELHI — India and Zambia have signed a protocol for ranging cooperation in agriculture, industry, rural development, scale projects and trade. Indian Prime Minister Gandhi and Zambian Prime Minister Kenneth Kaunda witnessed signing ceremony. Saturday ministry officials. According industrial protocol, metallurgical and engineering consultants India will examine the possibility of establishing a steel-rolling in Zambia.

MEMORIAL NOTICE

A memorial service for MARY ANNE HAYES-BROWN will be held at 12 noon on Wednesday, September 24, at the American Cemetery, 23, Ave. George-V, Paris.

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Prosecutor Reportedly Named After Campaign Official Arrested on Cocaine Charge

Edward T. Pound
New York Times Service

WASHINGTON — A special three-judge federal panel has named an independent prosecutor to investigate an alleged cocaine charge against Tim Kraft, the national campaign manager for President Jimmy Carter.

The panel, which was named under the Ethics in Government Act, which provides that the general must conduct a fair investigation into any matter made against top government officials that a federal violation more serious than a petty offense. Unless the panel finds the allegations are frivolous, the law says, a prosecutor must be appointed.

The panel, meeting in Manhattan Tuesday, appointed Geraldine, a New Orleans attorney, to serve as special prosecutor.

Mr. Kraft, 39, a key organizer in Mr. Carter's 1976 campaign, joined the president's reelection campaign last year after serving as White House appointments secretary and later as the president's assistant for political affairs.

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Tim Kraft

campaign manager, he is also subject to the act.

Reached at his New Orleans office Saturday, Mr. Kraft would neither confirm nor deny his appointment.

Mr. Kraft, a registered Republican, was U.S. attorney in New Orleans from January, 1970, through March, 1978.

While in that post, Mr. Kraft headed an office that coordinated an extensive federal investigation in the mid-1970s into corruption in the grain-export trade in New Orleans and in other parts of the Gulf Coast.

The inquiry resulted in convictions of at least 48 companies and individuals.

Voters' Economic Outlook Held Key to Carter Victory

By Barry Sussman
Washington Post Service

WASHINGTON — Jimmy Carter can win the 1980 presidential election if positive economic trends continue and a tiny percentage of voters now leaning toward one of his opponents decide that the president deserves some of the credit.

But if Mr. Carter fails to get any credit for what many voters currently perceive to be upward economic trends, a November victory for Ronald Reagan now appears extremely likely.

These are among the chief findings of a new Washington Post poll that shows Mr. Carter and Ronald Reagan tied now in the popular vote, each with support from 37 percent of registered voters. Independent candidate John Anderson is far behind at 13 percent.

Much of Mr. Carter's strength comes from a breakthrough for him in the South, where he leads Mr. Reagan by a 47-to-34 margin. He still trails Mr. Reagan in all other regions and would seem to be a sure loser in the electoral vote if the election were being held today.

Nevertheless, Mr. Carter is in a far better position than he was just a few weeks ago, when some polls had him trailing his Republican opponent by as much as 25 or 30 points nationwide. Today, the ingredients for a Carter victory at least seem to be present, and the key ingredient could be shifting perceptions of the economy.

Confidence in Economy

More and more voters appear to be gaining confidence in the economy, or at least expressing the conviction that things are no longer getting any worse. In a Washington Post poll last April, 47 percent said that they thought they would be worse off financially in a year's time than they were then. In the new poll, only 27 percent felt they would be worse off a year from now.

In the April poll, Mr. Reagan had a 16-point margin over Mr. Carter as the candidate more likely to restore the value of the dollar. In the new poll, that margin stands at 11 percent, despite constant hammering away by Mr. Reagan on the issue of the economy.

Many political scientists have long maintained that presidential elections are determined by the incumbent's popularity and perceptions of the economy at the time of the election. The recent poll helps explain why they hold that view.

Among voters who feel that the economy has stopped deteriorating and that Mr. Carter's record in office is at least passable, the president holds a huge 61-to-14 lead over Mr. Reagan, with Rep. Anderson at 9 percent.

The problem for Mr. Carter is that only 40 percent of the public holds to both those propositions. Despite the increasing optimism over the economy, Mr. Carter stands now at as low a point in popularity as he ever has in a Post poll. On a scale of zero to 10, with zero representing the most unfavorable rating, the president is given an overall score of 5.0.

Forty-seven percent of respondents said they feel that Mr. Carter is "a better president than he is getting credit for" and 44 percent said he "just can't cut it as president." The second question has been asked several times in previous polls and Mr. Carter has never scored so lowly.

A total of 27 percent of the electorate, according to the poll, now believes that Mr. Carter's presidency has been a failure, but that the economy, at long last, has turned a corner. Among that group, Mr. Carter now trails Mr. Reagan by an overwhelming 65 to 5, with Rep. Anderson at 14 percent.

It is with such voters that Mr. Carter appears most likely to make gains. Many of them are Democrats or people who say that they are independents who lean Democratic. Many consider themselves liberals. In fact, many of these voters give every appearance of having been supporters of Sen. Edward Kennedy, and their eventual vote could possibly be determined by the signals issued by Sen. Kennedy during the rest of the presidential campaign.

Also, 13 percent of the registered voters interviewed said that they had made no choice yet, and an additional 19 percent said that they did not feel at all strongly about the candidate they are currently backing. Backers of Rep. Anderson, a great many of them Democrats, were the most likely to say that they had only loose ties to their candidate.

The poll was conducted by telephone from Sept. 3 to 7. A total of 2,314 people were interviewed, including 1,755 who said that they were registered to vote. Most of the findings were taken from interviews with those who said they were registered.

Unacceptability Overstated

The poll also found the existence of widespread discontent with Mr. Reagan. Asked whether they thought Mr. Reagan "is well qualified to be a good president or not," 43 percent said they thought he was and 41 percent said they thought he was not. Sixteen percent said that they were not sure.

Nevertheless, the oft-repeated theme that both Mr. Carter and Mr. Reagan are unacceptable to a majority of voters — a key element in the Anderson campaign — appears to have been vastly overstated.

According to the poll, only 12 percent of registered voters take extremely critical views of both Mr. Carter and Mr. Reagan at the same time. The majority may be down on one, but not the other. That 12 percent, as might be expected, forms the core of Rep. Anderson's support, accounting for

more than one-third of those who said that they are backing the Illinois congressman.

By a 44-to-26 margin, Mr. Reagan was considered less likely to secure the release of the hostages being held in Iran without resorting to military action. But, consistent with past polls, a plurality favored military action in Iran even if it jeopardizes the lives of the hostages — and, by a 43-to-40 margin, those interviewed said that they would rather see Mr. Reagan than Mr. Carter "in charge of handling our relations with Iran."

The conventional wisdom this year states that Mr. Carter has no "natural constituency" outside the South and questions the extent of his support even there. The Post's poll, however, suggests that the president does have a sort of constituency that could prove vital:

2 Bomb Suspects Arrested in Paris After Shoot-Out

PARIS — Two suspected members of the extreme-leftist group Action Directe have been arrested after a shoot-out with police on the Avenue des Champs-Élysées.

Police identified the suspects as Jean-Marc Rouillan, 28, and Nathalie Menigon, 23, a motorist in a passing automobile was slightly injured in the exchange of gunfire Saturday night, police said.

Authorities said undercover police were following the couple and when they surrounded Rouillan, the young woman raced to a nearby car and attempted to enter it. They said she then turned back toward the policemen and opened fire. There was a brief exchange of gunfire before the two were arrested.

Action Directe has claimed responsibility for about 40 bombing attacks and other acts of violence in France since it first surfaced in May, 1979. The attacks generally were directed against government offices although computer companies also were struck.

Police arrested 15 suspected members of the group in a two-day operation in Paris in late March. They have since been searching for Miss Menigon and Rouillan, who was jailed from 1974 to 1977 for transporting explosives.

Kenyan Leader in China

PEKING — Kenyan President Daniel Arap Moi arrived here Sunday for a six-day visit and immediately began talks with Chinese Premier Zhao Ziyang.

Cuban Murder May Indicate 'Tactic' Shift

By Selwyn Raab
New York Times Service

NEW YORK — A Federal Bureau of Investigation official has said that the slaying of an aide to the Cuban Mission at the United Nations might signal a change in tactics of an anti-Castro terrorist group operating here. He said that the killing might suggest a shift by the group, Omega 7, from bombing buildings to murdering individuals.

"We had indications some months ago," Kenneth Walton, the deputy assistant director of the FBI's New York office, said Friday "that the bombings may stop and other activities may accelerate. The other activities were to start killing people."

Mr. Walton's comments came as federal and city investigators said they had failed to find "a strong lead" or witness to the assassination of the Cuban, Feliz Garcia Rodriguez, 41, who was gunned down as he drove his car Thursday evening along a busy street in the borough of Queens.

As city police officials and the FBI said they had made little progress in the first day of the investigation, Cuba demanded that the

United States provide better protection for its diplomats. And Donald McHenry, the United States delegate to the United Nations, called the murder "a stain on the United States."

New York City and the federal government offered combined rewards of \$35,000 for information leading to the conviction of the killer or killers believed to be members of the anti-Castro terrorist organization Omega 7. In statements sent to news organizations, Omega 7 has described itself as an anti-Communist organization that wants to overthrow the government of President Fidel Castro.

Despite assurances from city officials of stronger security for the Cuban diplomatic corps, Radio Havana said that the United States had taken inadequate measures to stop Omega 7. Tass said that the murder had occurred with "the full connivance" of U.S. authorities.

Although Mr. Garcia was officially listed by the Cuban government as an attaché, fellow employees, who asked to be unidentified, said his duties were mainly that of a chauffeur and a messenger. Cuban representatives said that Mr. Garcia often drove diplomats and

employees through Queens to and from John F. Kennedy and LaGuardia Airports.

The police said that the rear plate of Mr. Garcia's car was bent on both ends in a U-shape, leading detectives to believe the car, which had diplomatic plates, had been marked so that the killers could identify it.

Mr. Sullivan and Mr. Walton said they were convinced Omega 7 arranged the killing, mainly because the group claimed responsibility for the murder by calling news organizations before the Mr. Garcia's death was reported on radio and television.

Since February, 1975, Omega 7 has taken responsibility for 20 bombings in New York City and in New Jersey, including five at the Cuban mission to the United Nations. Omega 7 is also believed to have been behind the murder in Union City, N.J., of Eulalio Jose Negrin, a Cuban exile who was organizing trips to Cuba.

FBI officials said Omega 7 might have as few as seven members, although the organization's actual size is unknown. The FBI also is uncertain what the name, Omega 7, signifies.

8 Hurt as Klan Rallies in U.S.

United Press International

SCOTLAND, Conn. — A 50-foot cross flared in the night sky in a rural cow pasture Saturday and anti-Kl Klux Klan protesters clashed with supporters and bystanders outside the Klan's first public rally in Connecticut in more than 70 years. Nine persons were arrested and eight were hurt, most with minor injuries.

About three dozen robed members of the white-supremacist organization, some with their faces covered, circled the cross and bowed to it before setting it afire. A state police spokesman said troopers confiscated dozens of knives, sticks, clubs and ax handles and some firearms near the rally.

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Support Grows in U.S. to Boost ABM Effort

Soviet Radars Begin Advanced Radar Project

alter Pincus
New York Times Service

TON — Construction of a sophisticated radar system near Moscow is calling for a modernization of the anti-ballistic missile defense to sources both administration and on

radar facility, sources to be designed to detect and intercept which are also being installed around the So-

tion sources pointed to the upgrading of the ABM system is per-

the SALT-I treaty as new radar remains limited in power size, and interceptors

more than 100.

o Surprise
The contentions of whether the new Soviet radar and interceptors raise a real possibility that the Russians could "break out" from SALT-I treaty limits and within a

brief time put in place a nationwide ABM system.

One pro-Reagan defense specialist who is aware of the Soviet ABM activities said last week that the potential is there "and the U.S. should do something about it."

A Pentagon official responded, "There are things going on to put us in a position to counter Soviet advances, but they are not a big effort."

One Defense official said last week that there already are moves within the Pentagon to press for changeover from general ABM technology research to building a prototype system.

Demonstration
In its recent report on the fiscal 1981 Defense Department budget, the House Appropriations Committee expressed its belief that there should be "some level of system prototype demonstration effort."

The committee echoed the sentiments of many Pentagon officials in saying it was time to develop "integrated systems," but added that they should be "carried out within strict compliance with the ABM treaty."

The committee approved \$268 million for the program.

Many of the more conservative congressional boosters of a new ABM system see this as a way of ending SALT-I. In the Senate, a group of Republicans led by Sen. Pete Domenici of New Mexico got approval of an amendment that directs Defense Secretary Harold Brown to report on the future of ABMs by Feb. 1, 1981.

That report, Sen. Domenici said, would aid Congress in its "re-examination of merits of the ABM treaty" prior to the next U.S.-Soviet review, scheduled for 1982.

One major change in the new Soviet ABM system in Moscow will be introduction of a sophisticated phased-array radar complex to direct the missile-intercept operations. The Russians have already introduced phased-array radars on their early-warning and perimeter-defense systems.

A phased-array radar scans by electronic means and is more capable and faster than the more traditional dish-shaped radar antenna that scans the sky mechanically.

In December, 1975, there was a brief publicized flurry of concern prompted by U.S. conservatives that the Soviet Union had breached the SALT-I treaty when it introduced a phased-array ABM radar at the Siberian ICBM test site on the Kamchatka Peninsula.

The Ford administration, however, said then that it was not a violation, since such radars were permitted at test sites under the treaty.

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two irreconcilable halves — the right and the left.

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hours. On a single application, the scientists say, it removed 70 percent of the plutonium from the mice and up to 90 percent of the plutonium from the beagles. Dr. Raymond said he assumed that further administration of the compound would remove even more. He said Licam-C produced neither behavioral changes nor toxic side effects in the animals.

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Burying Wastes
Primarily because of plutonium's longevity, the nuclear industry has been confronted with the task of burying nuclear waste for thousands of years, and scientists have yet to find the means to do it safely and economically.

Dr. Raymond feels that if plutonium could be removed from the mass of nuclear waste, that waste would become much more manageable and the plutonium could be used in a reactor. He is mindful, however, that there is considerable resistance to using plutonium as an energy source in this country, because it could potentially be used for weapons.

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Rally of Portugal's ruling Democratic Alliance launched election campaign Saturday night.

Portugal Launches Election Campaign

LISBON — Portugal's general election campaign started in a blaze of fireworks Sunday as the ruling rightist Democratic Alliance launched its bid for four years of power.

The capital also awoke with a new face, its walls covered with election posters put up during the night by thousands of volunteers from the rightist and leftist political groups competing for the 250 parliamentary seats up for election on Oct. 5.

The Alliance was first into action with a rock concert last night in Lisbon's main square, followed by a fireworks display.

On the stroke of midnight the campaign officially began with a speech by Premier Francisco Sa Carneiro to his supporters watching the fireworks display.

Buckets of Glue
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Cancer Risk Decreased

Scientists Discover Agent For Plutonium Removal

By Richard Severo
New York Times Service

NEW YORK — Two scientists at the University of California say they have developed a substance that can safely remove cancer-causing plutonium from the tissue of laboratory animals.

The compound may prove of help in treating the five or 10 accidental plutonium contamination cases that occur in this country each year. But the major benefit, the scientists say, is that the same compound might be used to get plutonium out of nuclear wastes to make the wastes easier to dispose of.

The two scientists are Dr. Kenneth Raymond, a professor of chemistry, and Dr. Fred Weir, an organic chemist who is a staff scientist at the university's Lawrence Berkeley Laboratory. They call the new compound Licam-C.

Licam-C is classified as a "chelate," which is derived from the Greek word for crab's claw. It is a specific sequestering agent for plutonium. When laboratory animals that have been injected with plutonium citrate are given Licam-C, the molecules of the compound literally surround the plutonium and tightly bind to it.

No Side Effects
But the Licam-C molecules are small enough that they can pass through the digestive tract and be excreted without causing any harmful side effects to the animals, according to the scientists.

Dr. Raymond noted that there were other chelates, but that they were less desirable as sequestering agents than Licam-C because they also removed such essential minerals as iron or calcium.

Dr. Raymond said he set out in 1975 to synthesize a plutonium-specific sequestering agent. "Since we could do it for iron, we thought we ought to be able to do it with plutonium," he said, explaining that iron and plutonium have a similar chemistry and biochemistry.

Physicians sometimes prescribe iron chelates for patients who have too much iron in their systems.

Bone Marrow
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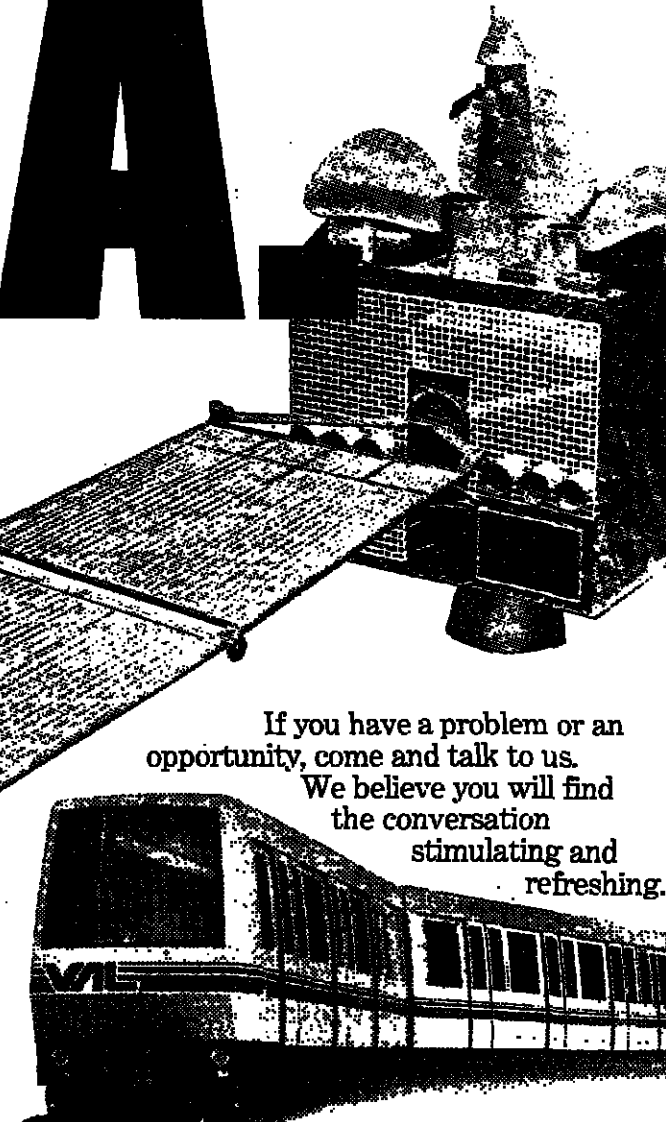
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Matra is always ready to consider working with developing countries on a joint-venture basis, involving the transfer of technology. We have the experience, the structures, the know-how and the adaptability to make such projects succeed. Because Matra is a young company,

it is not burdened with a top-heavy organization. We are "lean", and we are keen. What is more, we do not impose: we cooperate. We work with rather than for our clients, and this helps us to develop, together with them, the most practical and cost-effective solutions to their specific problems.

CHALLENGE US

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Communications Technology

High Technology in U.S. Vibrant, Healthy Sector

By Peter J. Schuyten

WORK (NYT) — For all the talk of aging factories, waning and declining industries, at least of the U.S. economy is vibrant and healthy. The sector's name is high technology.

The technology sector comprises the industries — computers, semiconductors, telecommunications. And it constitutes the heart of the American innovation. The debate over the reindustrialization of America, those areas are counted among the U.S.'s faltering industrial revolution. The breakthroughs to open more efficiency and greater productivity in the auto, steel and industries.

"High technology is as much a resource for this country as oil in the ground is for Saudi Arabia," declared Sidney Topol, chairman and chief executive officer of Scientific Atlanta, Inc., the world's leading producer of satellite earth stations.

So important is the U.S.'s technological base that some people contend the government is wasting its time trying to prop up ailing industries such as cars and steel with federal loan guarantees, orderly marketing agreements and the like. Instead, they maintain, a national industrial policy should focus on helping the best of U.S. industry become even better.

"People get all excited about steel," said William Givens, a principal in the consulting concern of Twain, Braxton, Asia, Inc. "The time to worry about steel was 10 years ago. Today we should be worried about telecommunications and semiconductors. Or maybe we need an urgent policy to stimulate American industrial robotics."

The new technology companies are so hungry for capital that crucial questions are already being raised as to how they will finance their growth during the decades to come. And there are other uncertainties as well, mainly whether the present level of research and development is enough to stave off the competitive threat from abroad, particularly from the technology-centered Japanese economy.

Nevertheless, in the United States the high-technology sector is fast becoming an economic force in its own right, capable of generating new growth in a host of industries and helping restore the U.S.'s competitive position overseas.

"Ten years from now the electronics industry will be as big as autos and steel are today," predicted J. Fred Bucy, president of Texas Instruments, Inc., the world's largest producer of semiconductors.

This is not to say that this year's unemployed steel worker will become next year's computer programmer or semiconductor production line worker. Far from it. In fact, technological industries are leaping forward in the push for automation while becoming increasingly capital intensive.

Technology-based industries are expected to do more than just replace older industrial activities in the way that synthetic fiber plants, for instance, replaced the knitting mills of the 19th century.

Ever-Decreasing Cost

Instead, the new economics of more performance at ever-decreasing cost — the result of more and more functions being incorporated in semiconductor chips — augurs nothing short of a shift in the U.S.'s industrial base, many executives say, from an economy grounded in the production of capital goods and manufactured products to an economy based on information.

"This will be a deep transformation in which information is purveyed as an economic good, rather than as a social overhead," predicted Lewis Branscomb, a vice president and chief scientist of IBM.

The primary thrust of this shift will be the adaptation of intelligence, in the form of microelectronic computational power, into products, machinery and industrial processes.

The power behind these changes continues to be rapid advances in semiconductor technology whereby the industry is on the threshold of producing very large scale integrated circuits.

In the telecommunications field, where digital technology is creating its own revolution, photons (which carry information in the form of light) are increasingly being used interchangeably with electrons, signaling the long-expected convergence of fiber optics and computer technology.

Japan Sets Pace; Lags Daily Use

By Dean Bromford

TO (IHT) — Japanese technology is setting the world pace, but a combination of outdated laws and highly complex systems have caused Japan to lag behind developed nations in the application of advanced telecommunications technology.

As Nippon Electric Co., Hitachi, Matsushita and others regularly break throughs in fields ranging from microelectronics to optical fibers, DoD and export sales are booming on diverse as walkie-talkie radios, television systems for entire cities, 210-kilometer (120 miles) coaxial line that has linked West Germany since 1975.

Integrated communications systems are slow to develop in Japan, and the pace of research and development has thrust the government into its recurring trade disputes with industrialized nations.

Japan's Consumers

As consumers may purchase a large number of telephones, but attachment to lines is illegal. The absence of a law has made it difficult to set up computer terminals such as already the eastern United States and Canada. The authorities toward dissemination can be seen in the case of FM radio station licenses in Tokyo: two for a city of 11 million.

Some 16 companies manufacture facsimile equipment in Japan, but the Post and Telecommunications Law will not permit the transmission of facsimile information between telephone lines, only 56,000 of the existing machines are actually used. Public centers established by the Nippon Telegraph and Telephone Public Corp., the telecommunications service monopoly, go unused because of the restriction on long-distance calls, which NTT officials say needs to be lifted.

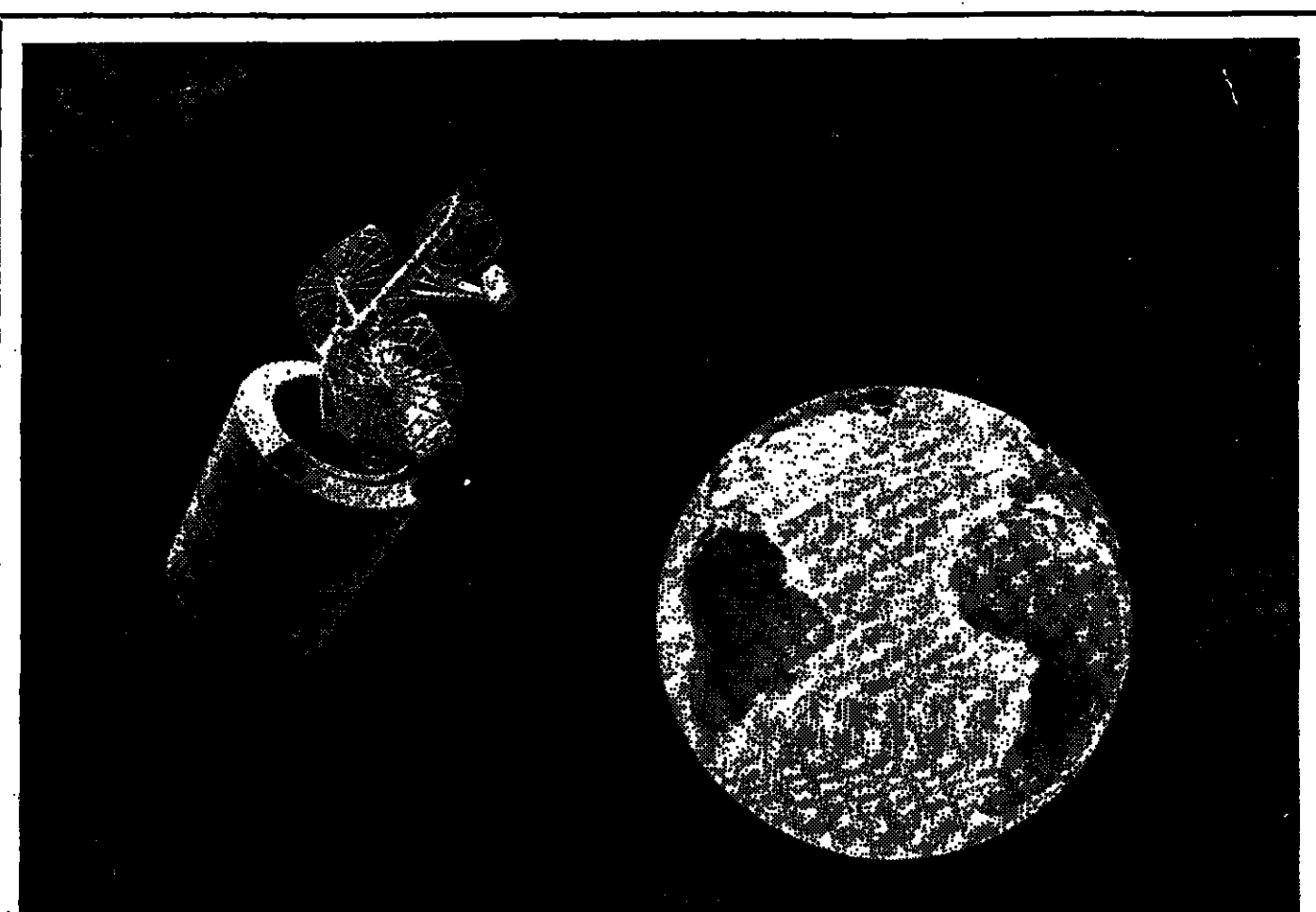
newspapers and businesses use the "fax" equipment every day by telephone receiver cradles, and in some news agencies transmit photos in this way.

possible in New York to dial into data banks to obtain a wide variety of information on home and office telephones. In Britain the Post Office last month announced a computer-based electronic directory service, a fee. All over America, video tubes (VDTs) are linked via teletext. American courts have decided in favor of attaching almost any device to allow highly sophisticated data access and retrieval networks.

Japanese Retrieval

The first Japanese commercial data retrieval system was launched only last December by Nippon Telephone. Called Character Pattern Telephone Access Information Network (CAPTAIN), it draws from records, including government agencies, publishers, banks, airlines, railroads, agents and department stores. It has so far attracted only 700 customers, although that number is expected to rise when the geographical scope of the system is expanded next year. The system faces bureaucratic hurdles and a lack of competing information from the

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Artist's conception of Intelsat IV-A satellite hovering 23,000 miles above earth.

From Paris to Hong Kong via Satellite

By David Bodanis

PARIS (IHT) — Hovering silently over the Indian Ocean, about 23,000 miles straight up, is a satellite that looks like a tin can somehow pumped up to the size of a truck. Originally designed to relay telephone calls, it is now being used by newspapers, among them the International Herald Tribune, to swoop across continents in the time it takes an air-freighting carrier to rev up its engines.

For the IHT, the process begins shortly after sunset in a brightly lit room three floors under the paper's newsroom. In its suburban Paris location, a glossy proof of the next morning's front page, which has been set into type by computer and fixed to a stiff backing by waxy paste, is waiting on a small table. In a telecommunications center in Hong Kong there is a similar table, and if everything works right, it will be bearing a photographic negative of the same page just a few minutes later.

Next to the table in Paris is a box containing a white drum resembling a large rolling pin, which is surrounded by wires and lights. The page glossy is wrapped around the drum, strapped on tight, and then set spinning. In a few seconds it reaches a maximum speed of 100 miles an hour. When that happens, a miniature camera goes into action. A tiny light beams onto the rotating page, while the camera tracks the light and records the patterns of black and white, scanning a million positions in each square inch.

Recording Signals

The camera is wired to a device that changes the recording of a single page into millions of electrical signals. These signals, which exactly represent the front page, down to the eye of the girl on the Tribune's masthead, are then sent scurrying into a cable that weaves its way across the Seine into a switching center in Paris and from there out to a futuristic building in Brittany. There, the signals are shuttled onto a large, curving antenna made up of thin metal grids, and without even a pause for good luck are sent shooting off into the sky.

Because the antenna is aimed toward the satellite over the Indian Ocean, the signals pass near Paris again, this time several miles up and steadily gaining altitude. Traveling at more than 600 million miles per hour, the signals do not take long to pass out of French airspace — in fact out of all airspace — and soon reach the black, quiet, void around the satellite.

Most of the signals rush by the sides of the satellite, and by the time most readers of this article sit down to breakfast, have passed the orbit of Pluto and are well out of the solar system. A few of the signals never get so far, but are instead intercepted by the satellite.

These signals are gathered on the satellite's antenna and are electronically sucked into its 23-foot-long interior. There they get the full treatment, being checked, cleared up and amplified, before being sent back down to earth.

The signals transmitted from the satellite are by no means aimed only at Hong Kong. They get diffused over an enormous swath of the earth's surface. Some of the signals, still accurately encoding the Tribune's front page, will hurdle through the Great Pyramids in Egypt, while others will pass through Soviet gun-helicopters in Afghanistan, the noes of Highland sheep in Scotland and the tails of kangaroos in Australia.

A very few of the signals make it to Hong Kong's Stanley Peninsula, where a 90-foot antenna receives them. But before they are captured on a page-size film, they are verified by two computers, one in the Hong Kong center and the other in Paris.

One of the greatest dangers in an excursion into outer space is the hurtling wind of charged particles that the sun is continually shooting toward earth. If a strong gust of these particles intercepts the signals from Paris along their way, the result is garbles, blips and gaps. Uncorrected, these would produce a somewhat hallucinatory Page One.

Such static happens frequently in intercontinental telephone calls, but is usually unimportant because the persons who are conversing can fill in the missing words from their knowledge of what is intended. But as computers are woefully ignorant of political policies, for example, they would be unable to fill in the distorted or missing parts of the encoded signals.

Therefore, if one of the signals is faulty, the Hong Kong computer tells the Paris computer to send it again, and this time get it right. All of this takes place much quicker than most people can imagine. But it is the only way to ensure that the signals that represent the Tribune's front page are correct.

Once that is done, the signals — still traveling at more than 600 million miles an hour — are accepted into the darkroom at the telecommunications center. Here a sheet of unexposed film that is the size of a Herald Tribune page is waiting on a drum like the one in Paris. Here everything that happened in Paris is reversed. The signals are changed back into light, and the film rotating on the drum captures an image of the Tribune's front page, which is then developed and checked for clarity.

Then the negatives begin their journey, by courier, to the Sing Tao printing plant in Central Hong Kong. The negative needs only to be contact-printed onto a litho plate, before, in the best tradition of Johann Gutenberg, all is ready for the presses to roll.

World Focus Is Turning to New Gains For Industry

By Andrew Lloyd

PARIS (IHT) — Growing world interest in information technology has turned up the already powerful spotlight on the communications industry. Several factors are behind the increased interest. Unlike some of the older sectors of the economy, communications is a growing industry that for sheer size is expected to rival the oil and auto businesses.

In Japan, for example, communications coupled with computers will soon be the country's largest industry, according to Nippon Electric Co. For the coming decade the basic hardware market for telecommunications worldwide is expected to grow at between 6 and 8 percent; the market for the associated equipment could grow much faster.

It is such forecasts for growth in the industry that has convinced many governments and corporations that communications knowhow and manufacturing ability are one way of keeping up in the international economic race. And it has meant a good deal of government backing for the industry in Europe, Canada and Japan, where governments and private industry are intent on establishing viable national competitors in international markets.

Governments, and by implication suppliers, are also looking closely at ways in which good communications infrastructures can help the economic growth of other sectors of a country's economy.

Widespread Telephone System

A widespread working telephone system is essential for businesses to be able to communicate with one another, and to send internal company messages to branch offices and headquarters.

Few studies of the relationship between telecommunications infrastructures and economic development have given conclusive quantitative evidence of the benefits. But one Soviet study published in 1977 estimated that 90 to 95 percent of the benefit from the development and use of intercity telephone networks goes outside the communications sector alone.

Developing nations are a special case where telecommunications could make a huge contribution to the development process. International bodies and corporate business are both agreed that unless telecommunications development is speeded up in the developing nations, the latter are likely to fall further and further behind the industrialized nations.

Yet another reason for developing countries to install telephone systems is that good communications can stop the drift from rural to urban communities. This same travel-saving telecommunications benefit is also cited by equipment vendors who see communications as making a major saving in energy.

Foreseeable Future

One result of the growth factor in communications is that the field is seen as a driving force in maintaining employment levels and, coupled with the intimately related information service sector, as one of the few providers of new jobs in the foreseeable future.

Given the extreme political sensitivity of unemployment, there is little wonder that telecommunications are being kept under watchful government eyes eager to make sure that communications provides the jobs they believe it should.

It should be added, however, that there are

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French Set National Effort to Compete Globally in Telecommunications

By Joel Stratte-McClure

PARIS (IHT) — A European newspaper recently joked that international salesmen of French telecommunications equipment are becoming as "pervasive an ethnic trade as Persian carpet sellers or Scotch whisky peddlers." A British executive competing against the French for a contract in the United States quipped last week that "while we had one person to take the client out to lunch, the French had twenty." And when Norbert Segard, the French Minister of Postes, Telecommunications and Telediffusion (PTT), recently visited India it was definitely not a symbolic gesture.

Competition for a slice of the international telecommunications market, expected to grow from \$30.4 billion in 1977 to \$65.3 billion in 1987, is certainly nothing new. When there's a tender for switching equipment or transmission networks in such countries as Saudi Arabia or Egypt a variety of multinationals — ITT from the U.S., Siemens from West Germany, Plessey from Britain, Philips from The Netherlands, Northern Telecom from Canada, L.M. Ericsson from Sweden, Nippon Electric from Japan, CIT-Alcatel and Thomson-CSF from France, among others — will be actively fighting for it.

But lately it is the French who have gotten the reputation for being the most ardent and

aggressive salesmen in the business — to both the admiration and consternation of their competitors — although they certainly do not win every contract.

The French government, in fact, has made the export of telecommunications equipment one of the country's top priorities during the 1980's and there is a nationwide effort by private industry to boost sales. During the last five years the French have allocated a hefty \$30 billion to improve their internal telephone network, launch new products and systems and form a competitive industry. During the next five years the emphasis will be on exporting this expertise.

One reason that the French presence on the marketplace is so evident is because their long-term export goals are extremely ambitious. Exports accounted for 19 percent — \$600 million — of the industry turnover in 1979. The government has set targets to increase this figure to 30 percent by 1983 and 50 percent by 1985 — dizzying objectives in any industry.

"We started our improvements in the telecommunications field later than other countries and this has provided us with an up-to-date domestic network and a competitive industry," said Jean Syrota, head of the PTT's Industrial and International Affairs Division (DAII, its initials in French). "We are now ca-

pable of creating a formidable presence in world markets."

The French government makes no secret of its effort to assist French companies abroad. The DAII regularly sends its personnel on missions throughout the world, attempts to sign technical agreements with numerous nations, has established promotional companies in New York and Singapore and enthusiastically invites foreigners for training in France. Although the marketing is left to individual companies this overt form of government assistance is something with which American telecommunications salesmen are not too familiar.

French Strides

The French have made noticeable strides in their efforts to set up an efficient domestic network. Today, the standard joke about the French telephone — half of France is waiting for a telephone, the other half is waiting for a dial tone — is almost outdated. The tangible result of the expenditure in telecommunications is an increase in the number of telephone lines from 6.3 million in 1974 to 16 million by the end of this year.

In addition, the French government in collaboration with industry has launched the telematique program, a unified effort to com-

bine telecommunications and data processing: it will put free terminals in French households, provide a videotext service and produce low-cost consumer facsimiles. And an entire product range — from sophisticated electronic switching equipment to videophones — has been developed.

Today, at international exhibits and private hard-sell efforts, the French government and industry is taking their telecommunications roadshow to the world.

"We act as a reference for French companies because most of their past sales have been to the government," Mr. Syrota says. "When you want to sell someone a dress you use your best model."

And if the dress doesn't sell, government and industry officials concede, the rapidly developed French telecommunications industry will be faced with a drastic drop in production levels, the resulting increase in unemployment and an embarrassing loss of prestige.

Consequently France's two largest telecommunications companies, CIT-Alcatel and Thomson-CSF Telephone, and a plethora of smaller ones are competitively scrambling to boost exports by establishing joint ventures, purchasing companies, building manufacturing facilities or selling directly throughout the world.

"France has made the telecommunications industry and its exports one of the country's most important priorities," said Marc de Saint-Denis, chief executive officer at Thomson-CSF Telephone. "Our domestic requirements have been met and it's only natural that we expend a great deal of energy on the international market."

And, on the whole, French companies don't mind the government's role in assisting this sales effort.

"The French PTT has been our major customer and their support is an important factor in the decision by other countries to adopt our systems and purchase our products," said Francois-Xavier Montjean, CIT-Alcatel's international department director.

The SIFT, the Syndicate of Telephone, Telegraph and Telematique Industries, whose 37 members represent 70 percent of the turnover in the French telecommunications industry, says the effort to export is visible at all levels.

"Everyone is looking for a piece of the export pie," says SIFT delegate Michel Lesocneur while describing a syndicate presentation scheduled to take place in Shanghai in December. "And as a group we think the export goals

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Demand for Improved Communications Is Increasing in Middle East

By Robert Bailey
LONDON (IHT) — Looked at from the user's or seller's viewpoint, the Middle Eastern telecommunications industry is in its infancy. The region averages about three telephones per 100 residents (compared to 80 in the United States), in extremes ranging from the Gulf oil potentate's automobile telephone to antiquated telephone exchanges in Egypt.

Economic differences are the main cause for such variations. But demands are increasing for improved telephone and telex facilities and computerized data services, and pressure is growing on governments in all Middle Eastern nations to accelerate spending on telecommunications.

With one notable exception — Iran — the Middle East seems set to continue heavy investment in telecommunications as a number of countries decide on new five-year plans this year. Saudi Arabia, the heaviest spender in recent years, has allocated about \$8.7 billion to develop its telephone system over the next five years. Egypt, long the communications despair of business people, appears to have secured aid commitments to finance at least the start of a \$1.8-billion telecommunications improvement project.

Growth Halted in Iran
The ability to communicate by phone or telex at will is essential to sustained commercial development. Only in Iran, where the shah's regime had envisaged 1,000-percent growth in the number of telephones between 1973 and 1983, has the push for modernization seemingly been halted.

The link between modern telecommunications services and business development is shown clearly in the Gulf states. Bahrain, for example, has spent 60 percent of its telecommunications investment since 1975 on international services for the foreign banking community. In the United Arab Emirates there has been rapid expansion in Abu Dhabi and Dubai. International traffic to and from Abu Dhabi doubled between 1971 and 1974, and Dubai's telephone and telex services grew by 54 percent and 37 percent, respectively, in 1973. During the next 10 years international services are expected to grow 20 times in the Emirates.

Sophisticated Tools
Having good cable and satellite links means having access to more sophisticated tools. Bankers, for instance, can subscribe to world-wide monetary data services with information instantly available on television screens on a 24-hour basis.

Improving the services is very expensive. The effect of ambition and unbridled cash resources on telecommunications development has been particularly dramatic in Saudi Arabia. A \$2-billion project to provide 470,000 new telephone lines by the end of 1983 is well on the way to completion. An enhancement to the original contract, which is being carried out by Philips of the Netherlands, L.M. Ericsson of Sweden and Dong Ah of South Korea, will mean installation of another 300,000 lines at a cost of \$570 million.

Ericsson has provided its program control AXE exchange for urban switching and Philips its PRX exchange for rural use. In addition, a \$408-million, intra-kingdom microwave project was completed last December by Collins Systems International, a subsidiary of Rockwell International. Operated and maintained by Western Electric, it provides a high-density

telephone service via 300 microwave relay stations.

The microwave system relieves the congested long-distance coaxial cable that had been the only telephone link from Dammam, on the Gulf in the east, through Riyadh, to Taif near Jidda on the Red Sea in the west. Some 265 roadside emergency telephones have also been placed at 20-kilometer (12-mile) intervals, transmitting through the microwave network to police stations near the highways.

The system stretches over 10,000 kilometers (6,000 miles). It will be augmented by a 60-MHz coaxial cable link being completed by a joint Italian-Saudi company, Satelec, and involving Sirti of Italy. The cable will provide for 7,000 telephone and two television channels while the microwave system has a capacity of 35,000 telephone channels.

Coin Change

Perhaps the most potent indicator of change in Saudi Arabia is the arrival of coin telephones. There are now 1,100, with 800 wired in this year alone. And telephone directories provided by the Sauditel telephone authority — which is Saudi-owned but managed by Bell Canada — now have more than 60,000 listings.

At the other extreme in the Arab world, Egypt seems at last to be beginning a major overhaul of its aging telephone system. One-third of the equipment in the system, which was founded in 1910, is close to 50 years old. Placing calls through the public network is a

virtual lottery, while international calls can take days to place.

Siemens and its Austrian affiliate, together with Thomson-CSF of France, secured a \$1.8-billion contract last September in what was regarded as a coup for the European consortium, though it is still somewhat unclear who will pay the costs. It appears that taxpayers in the three supplier countries will indirectly bear part of the costs. A mixture of soft-loan aid and grant will allow the first phase of the scheme — involving installation of 90,000 lines in Cairo and 70,000 elsewhere — to begin in December for completion in 1983. The whole contract calls for installation of 500,000 lines and rehabilitation of the existing 350,000-line network, losing about 100,000 lines in the process. The

contract had been hard fought for by European companies such as CIT-Alcatel of France — once considered a front-runner with its successful E10 electronic time division exchange — and by U.S. firms. Continental Telephone had produced a master plan in 1978 for the Arab Republic of Egypt Telecommunication Authority — ARETO — that forms the basis of the present program.

But a joint contract has been awarded to Continental and to A.D. Little, a consulting firm, also of the United States, to provide management and technical advice and supply some equipment to ARETO. All parties involved in revitalizing the Egyptian system will have an eye on bigger developments that could cost more than \$18 billion in the next 20 years.

The level of U.S. aid now going to Egypt makes it likely that U.S. companies will play a prominent role in this development.

Expertise Imported

The sums involved in telecommunications improvements are vast. It has been estimated that to bring the number of telephones in the Middle East to five for every 100 residents by 1985 would require an investment of \$180 billion.

Most equipment and expertise is imported. There is some assembly, such as the CIT-Alcatel E10 exchange in Syria. But no country can claim to have a large-scale telecommunications manufacturing industry.

Divisive attitudes are holding up what is likely to be a major spur to

greater regional cooperation in satellite communications known as ArabSat, was not have been decided on last year. Of a dozen firms that specifications for the system build the satellites only put in bids by the dead January. Two weeks before deadline, one of the two, Aircraft of the United States put on the Arab boycott, bid was not opened and Communications Satellite Organization had no competitor against which to evaluate a bid by a group for Thomson-CSF and the Aerospace-led MESSE consortium.

Robert Bailey is a writer on a MEED, based in London.

Telephone Habits and Investment Policies Vary Widely in Europe

PARIS (IHT) — While the average Luxembourg phone owner makes an international telephone call every working day of the year, the British and Italians dial a foreign number only once every four months.

This is just one illustration of how national telephone habits vary across Europe. The location and size of Luxembourg largely explain the Grand Duchy's high international call rate.

The number of international organizations operating there is another obvious factor — similarly, the Swiss average 84 international calls per year.

By way of comparison, the U.S. international call rate is a mere 0.4 calls per phone per year, despite that nation's reputation for being active in international trade. Perhaps partly as a result, automatic international dialing has developed rapidly in Europe, while such facilities in the United States are limited.

Carrier Habits

But it is not only the subscribers who vary in their habits. So do the carriers, mostly known as PTTs, for post, telephone and telegraph. The biggest current spenders are the French. In 1979, they invested about \$5.5 billion in new equipment, compared with \$2.06 billion in the United Kingdom.

The French 1978 total was about \$5 billion, again leading the

field, ahead of West Germany with \$3.2 billion. At the bottom end of the scale was Ireland with \$123.2 million, Greece with \$176.3 million and Sweden with \$342.4 million — a low total for the country with the highest telephone density.

International telecommunications experts usually estimate that 40 percent of PTT revenues go into investments.

Recent Results

Recent results from the European PTTs show a big variation from this. Of the four largest, the French invested 74 percent in 1978, the West Germans 27 percent, the Italians 67 percent and the British 31 percent.

Investments clearly can fluctuate from year to year. But one of the reasons for the low percentage scored by the West Germans was their massive revenues, which reached \$11.7 billion in 1978.

The German, Swedish and Dutch PTTs had the highest rates of revenues compared with investment.

French Big Spenders

The French are proving to be the big spenders. Now rapidly catching up with other countries, France was faced a few years ago with the alternatives of embarking on a huge spending program to update its archaic telephone system, or saddling its businesses with an appalling operational handicap.

The British are also increasing spending plans, though they will remain below the French with spending of \$2.4 to \$3.6 billion a year. Insiders report that the government is considering reluctantly adding more political weight to telecommunications development.

Meanwhile, West Germany is also making ambitious plans. As one German industrialist observed: "We don't talk a lot so we have to hope we impress by action."

Still, European PTTs have a number of things in common.

First, they are all state monopolies. Part of the reason is that telecommunications has always been associated with national security. But governments also decided a long time ago that a monopoly was the best way to ensure that remote rural users received service at a level comparable to that provided in the cities.

What has evolved is a number of bodies that have been slow-moving, bound by regulation and invariably inclined to favor national manufacturers where they exist. But the last year has given signs that some of this is changing.

The British Post Office confirmed its plans to deregulate at least part of the telecommunications monopoly. Though observers are skeptical of how much effect this will have on the market, it may mark the beginning of a freer market that seems likely to benefit telecommunications users.

The French say their monopoly has always stopped at the telephone plug and has never insisted on supplying PABXs (private automatic branch exchanges) such as the British Post Office. But they, like the British, still have to approve equipment that may be plugged into the network. One result is that telephone answering machines still cost at least five times what they sell for in New York.

The Bundespost still takes the prize for being the most highly regulated monopoly in Europe, according to most suppliers, though it draws favorable comments from the new AT&T International.

New Product Areas

But the PTTs seem to be moving faster in the new products area, as they realize that they must keep up with the needs of the businesses that will use them. They are also under pressure from businesses — witness a recent dispute in London over poor telecommunications services — to provide existing services faster.

User groups are active in European countries and in part in prodding a telecommunications division to lagging most.

The PTTs have responded by supplying data networks, some cases are trying to manufacture into new equipment by creating new markets for them. The case is the French PTT produce 34 million telephones for directory inquiries by 1992.

Protected National Markets
The problem of protectionist markets has infuriated unfavored suppliers and idealists who wish to see a market, at least for Europe, open.

Recent initiatives in Commission of the European Community are a pushing national telecommunications authorities into at least 10 percent of their requirements from suppliers outside the country.

A separate plan from promises to open British telecommunications markets to suppliers from countries that practice discriminatory purchasing move likely to benefit American suppliers before a manufacturers.

INTERNATIONAL Herald Tribune

SPECIAL SUPPLEMENTS

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A new record

In just 10 years, the French company THOMSON-CSF has increased its sales figure six-fold and its profits seven-fold.

In 1979, its consolidated sales figure exceeded US \$3.7 billion and its profits totaled US \$75.8 million. Sales out of France accounted for some 43% of total sales for 1980, continued growth is expected.

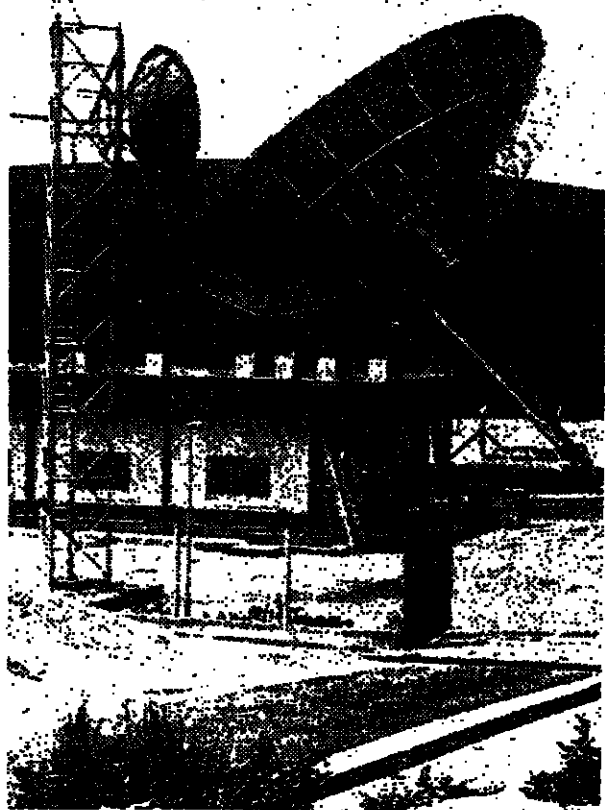
In all its spheres of activity (professional electronics, electronic data processing, telephone switching and medical equipment), THOMSON-CSF is constantly striving to innovate. This effort has led to new product lines such as fiber-optic communications, telematics and office automation product and advanced technology components.

In the field of space communications, THOMSON-CSF is responsible for the onboard electronics package for the French and Franco-German telecommunications satellites.

Research and development activity by THOMSON-CSF and its subsidiaries involves some 12,000 people and its cost represents about 20% of total sales.

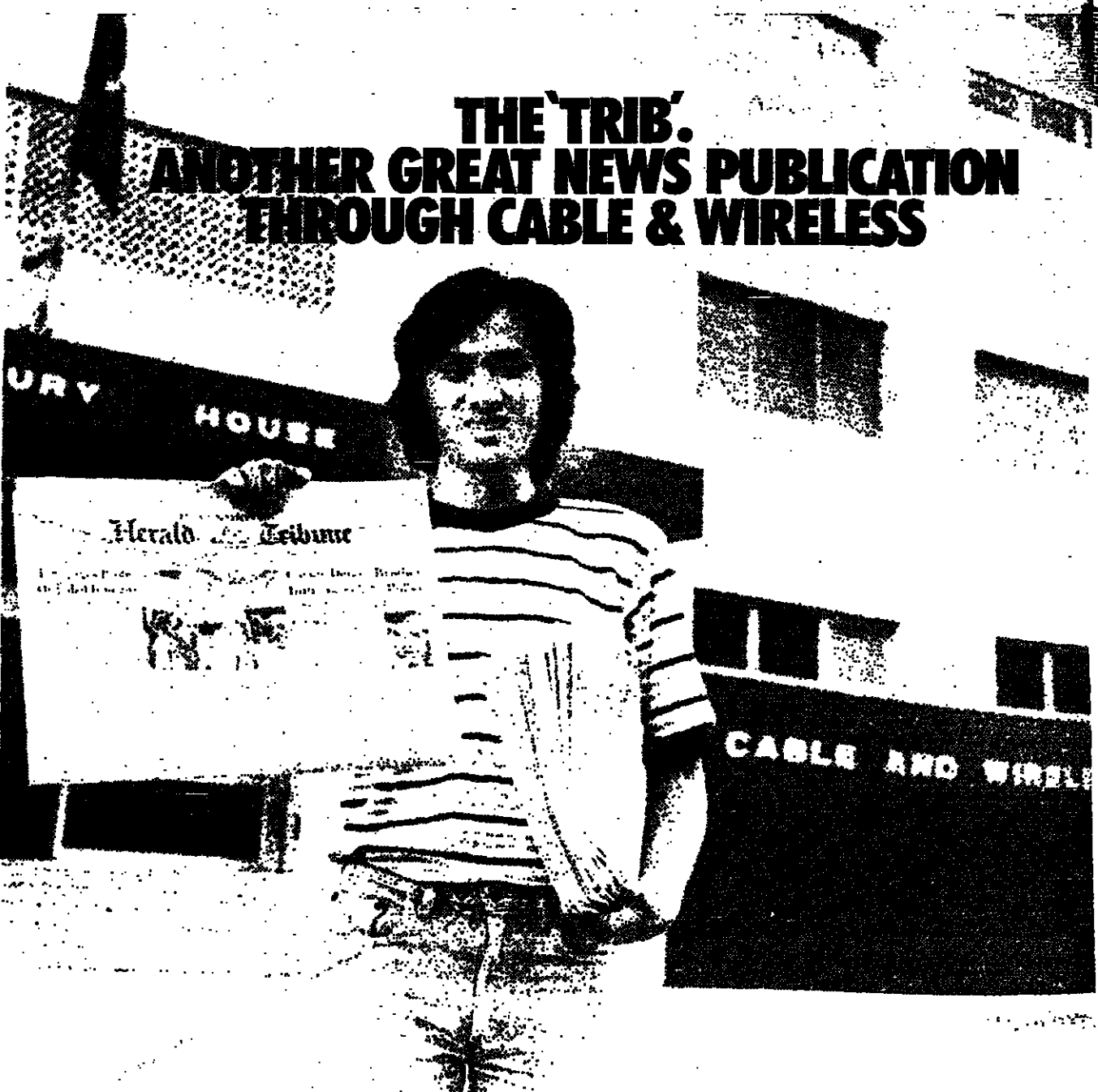
The large number of countries in which it operates has led THOMSON-CSF to create an international network of manufacturing and commercial subsidiaries, offices and agencies in nearly 100 countries.

THOMSON-CSF's capability extends from in logistic support the design of equipment in which reliability and maintainability are optimized, through to the means and the services to permit utilization and maintenance of equipment and systems under the best possible conditions. A total of nearly 3,000 people are directly or indirectly involved in logistic support.



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Ask most people at Cable & Wireless about Baskerville, Bodoni and Em, and they'll probably tell you it's some sort of hound, an Italian racing driver and somebody's Aunt in Kent. (In fact they're two famous typefaces and a measurement used in printing.)

It's therefore rather surprising that Cable & Wireless is becoming so big in its service to the publishing world. As well as International Herald Tribune, Cable & Wireless are also the vital link in the publication in Hong Kong of Time and Newsweek S.E. Asian editions.

Cable and Wireless receive the high speed data transmissions from which facsimile pages are produced, for subsequent printing, via satellite links with the Head Office of these publications as far apart as New York and Paris. The processes used reproduce both editorial and advertising, including colour.

Soon, to people in the business, Cable & Wireless will be as big a name as the publications they help to produce.

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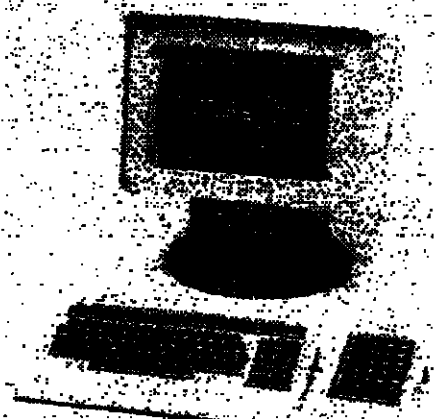
New Mercury House, 22 Fenwick Street, Hong Kong. Telephone: 5283111 Telegram: CABLEWIRE Telefax: 73240 CWADM HK

Technology Speeds Banking

By Enrol G. Rampersad

ALLA, Sweden (IHT) — To Gunnar Wedell, manager of the IBM Nordic offices in the late 1960s, the problems just face when national competitors market are all too clear: "Most countries want to have their own computer industry," he said recently, "to make sure of a slice of the cake; and partly to be in a position to be at the mercy of others. Sweden is an exception."

Wedell should know. As head of the computer company Datasab AB created in 1978, he has developed a research and production organization that has been able to outsell IBM in crucial markets. Datasab, which is owned by the Swedish State and the state industrial group, has doubled in the United States to some 150 Swedish kroner (\$36 million) this year. It exports 70 percent of its products, and this company has over the long-term computer giants comes in its own into new markets before anyone



Alfaskop System 41

"At first many people said banks would never put a computer in every branch office. But it turned out that banks needed to rationalize their functions, which were becoming increasingly complex. The work the tellers had to do after 3 o'clock when the bank closed was immense. Volume increases, new services, different types of accounts; it was a terrific amount of work for the teller to compute all this. They needed a device to help them."

All Transactions Recorded

What Datasab came up with was the Alfaskop, a modular, computer-based teller terminal system that automatically records all the teller's transactions as he goes along. Theoretically, this means that a single button can be pressed at 3 p.m., and at 3 p.m. plus a few seconds everything needed for the day's accounting will be on hand. Having taken an early lead in this area, Datasab is now one of the top two producers of financial terminal systems in the world, and it won out over the big computer makers by

landing the order to equip Citibank, the second largest commercial bank in the United States.

As often happens when computers meet mere mortals, this first generation of computerized teller systems had some unexpected drawbacks. "Although our system speeded up the teller after 3 o'clock," Mr. Wedell said philosophically, "it slowed him down by taking a little longer on each customer before 3 o'clock. There was a tendency to build up long lines. They'd push in the last customer, then look the door, and the tellers would have to work up to 4:30 or so to empty the room."

To Datasab, this meant that another innovation was in order. "Our next generation of teller terminals have a device to dispense money automatically, so the teller doesn't have to count it. Our studies showed that counting money was what tellers had spent most of their time on." Teller productivity has gone up 30 percent at Citibank with the new system.

Small Business Terminals

Along with financial terminals, Datasab produces small business systems, data terminal systems, and is one of the few companies in the world capable of supplying complete, computer-controlled air traffic control centers on a turnkey basis. In the design of all its terminals — two-thirds of prospective 1980 turnover — much attention is given to the machine's ergonomics, its ability to mesh with the requirements of the individual operator.

One of Datasab's leading innovations in this area has been a study of the machine's response time. They have found that the ideal delay from the time an instruction is typed on a terminal until the time that an answer flashes on the screen is about 1.5 seconds. Two or three seconds is acceptable, but anything over four seconds has been found to cause great irritation. Sometimes the delay is unavoidable because the main computer is too small, but often it's merely a matter of designing programs that take into



Gunnar Wedell

account the details of any given office. "In our sales to Eastern Europe and the Soviet Union," Mr. Wedell said, "we often have to deal with a branch of the trade ministry, and are unable to meet the final user and so take care of such avoidable problems that arise."

Despite this, Datasab has an eye on increasing sales with the Eastern Bloc. "There is a huge market, in principle, for computers in the Communist countries," Mr. Wedell said, "for with their high degree of centralization they have a high need for computers. Ultimately, that market should be very strong."

Gunnar Wedell believes that it is such faults in programming that have led to reservations about the computer in some areas. "Since the computer is an abstract thing, there were a lot of specialists dealing with it in the early days, and they forgot that the computer must be used as just a tool. They often accepted the computer's rigidity, its dumbness, and produced a lot of dehumanizing systems."

But that problem can be overcome. Using the computer properly, to get quick access to information, can provide immeasurably more ease in daily life. It is happening already.

Laws on Flow of Data Worry Multinationals

PARIS (IHT) — Studies by an increasing number of governments on the regulation of data transmitted across national frontiers are worrying users of data transmission networks, particularly multinational corporations.

Brazil, for example, has taken steps to limit the freedom of firms to send data across its borders. A senior government official from Brazil's Office of the President recently proclaimed his government's intentions to set up "custom houses" for the flow of information.

Regulatory initiatives are not coming only from militant developing nations. Most European nations now have laws limiting the transmission of certain types of data outside their territories.

Using tariffs and broadcasting regulations, administrations are applying the brakes to rapidly accelerating international data traffic.

Such moves may be the tip of an iceberg on which world telecommunications could founder, say some experts. But other experts believe that the benefits of relatively free international communication will persuade governments not to erect too many barricades on the world's data highways.

Basically, there are two conflicting attitudes in the debate over data transmission control.

On the one side, a number of governments in the developing and developed worlds feel threatened by the extent to which information relevant to their own interests could be sent from their country and acted upon elsewhere. The problem is exacerbated by the ease with which modern telecommunications networks can transport huge volumes of data in a few seconds via satellite or conventional systems.

The problem is largely tied up with data that may relate to national security — for example, central bank planning data or levels of strategic resources. Canada, France and some Scandinavian nations, as well as some Third World countries, are beginning to scrutinize information that may be connected with their economic well-being.

A chief concern in Canada is that the export

of information can mean the export of jobs. Canadians have calculated that by 1985, 100,000 jobs could be lost as a result of data being transmitted for processing in the United States instead of on Canadian soil. There are suggestions from the French, who have had an interministerial commission studying the question for some time, that a multinational's communications network gives it an unreasonable advantage compared with the governments of host countries, particularly where it is in competition with smaller firms.

Also at issue is whether data should be allowed to escape the jurisdiction of one government by passing via the telecommunications network to another country. There are many examples of companies holding mailing or credit reference lists in one country and operating in another.

Much of the new European legislation on the protection of personal data sets strict conditions for the transmission and storage of such data outside national territory.

Fiscal information in one country on citizens of another country is another area of particular interest.

Yet another area that countries including Sweden and France have examined is the way data communications users become vulnerable to events outside their control — such as political turmoil — when their data is sent to and stored in another country.

If these concerns lead other countries to adopt the hard line being taken by Brazil, it could severely affect many companies operating in more than one country. Such restrictions have already hit Texas Instruments, among others, in Brazil, and affected International Telephone & Telegraph, for example, in West Germany.

The other side of the argument — emphasized especially by the United States but also acknowledged by many of those arguing for a closer look at regulation — is that countries cut off from a relatively free flow of information will soon find their economies suffering, as their enterprises labor under a competitive handicap compared to those in more liberal environments.

There are advantages in having access to computerized information — data banks — situated in other countries.

"No one would seriously suggest that any nation could actually supply 100 percent of its own information," said Oliver Smoot, vice president of the U.S. Computer and Business Equipment Manufacturers Association, at a recent Rome conference addressing these issues. "Artificial barriers to trade always result in denial of some social or material benefit to the receiving society," he said. "It is only through the free flow of information, goods, services, ideas and people that world society at large will eventually attain... parity in economic status."

—A.L.

Personal Computers Are Edging Their Way Slowly — but Determinedly — Into the Kitchen

By Veronica B. Kane

(IHT) — Electronic oracles have of the prophecy of the kitchen computer decades, and it appeared that their users were materializing with the advent of cost microcomputers.

Users were soon at work in basements, and even on the kitchen counter; users were not the homemakers the futurists had envisioned. The micro remained the tool of the data-professional or the toy of the electronic because it demanded tedious, painstaking to make it do anything use-

A turn in the tide began in 1977 when Daniel Fylstra, a candidate for a master's degree in business administration at Harvard Business School, began to study ways to widen the horizons of the small, tight, microcomputer market as part of his graduate work.

In his research, he saw a microcomputer turned into an alert chess partner as the result of a user's programming efforts. He saw smooth zip through involved business calculations in seconds, replacing a laborious manual process that took hours. In the end, he saw a business.

With \$500 and the advice of his father-in-law, who had founded a book publishing busi-

ness, and a brother-in-law who is a literary agent, Mr. Fylstra founded Personal Software. That \$500 investment has grown to \$2 million and Personal Software expects sales of \$4 million for 1980.

Personal Software is like other publishing houses — to a point. It solicits manuscripts, its editors polish the raw work and its marketing people promote the published product. Like literary authors, Personal Software's writers receive royalties on the sales of their creative efforts. There the similarity ends.

Personal Software's products are not books, but computer disks that contain instructions that put microcomputers through useful paces.

Many of Personal Software's freelance writers are the same data-processing hobbyists who developed programs in their kitchens or basements on the first of the microcomputer models. Two programs in Personal Software's current catalog have earned industry recognition as best sellers, having garnered more than \$1 million in retail sales.

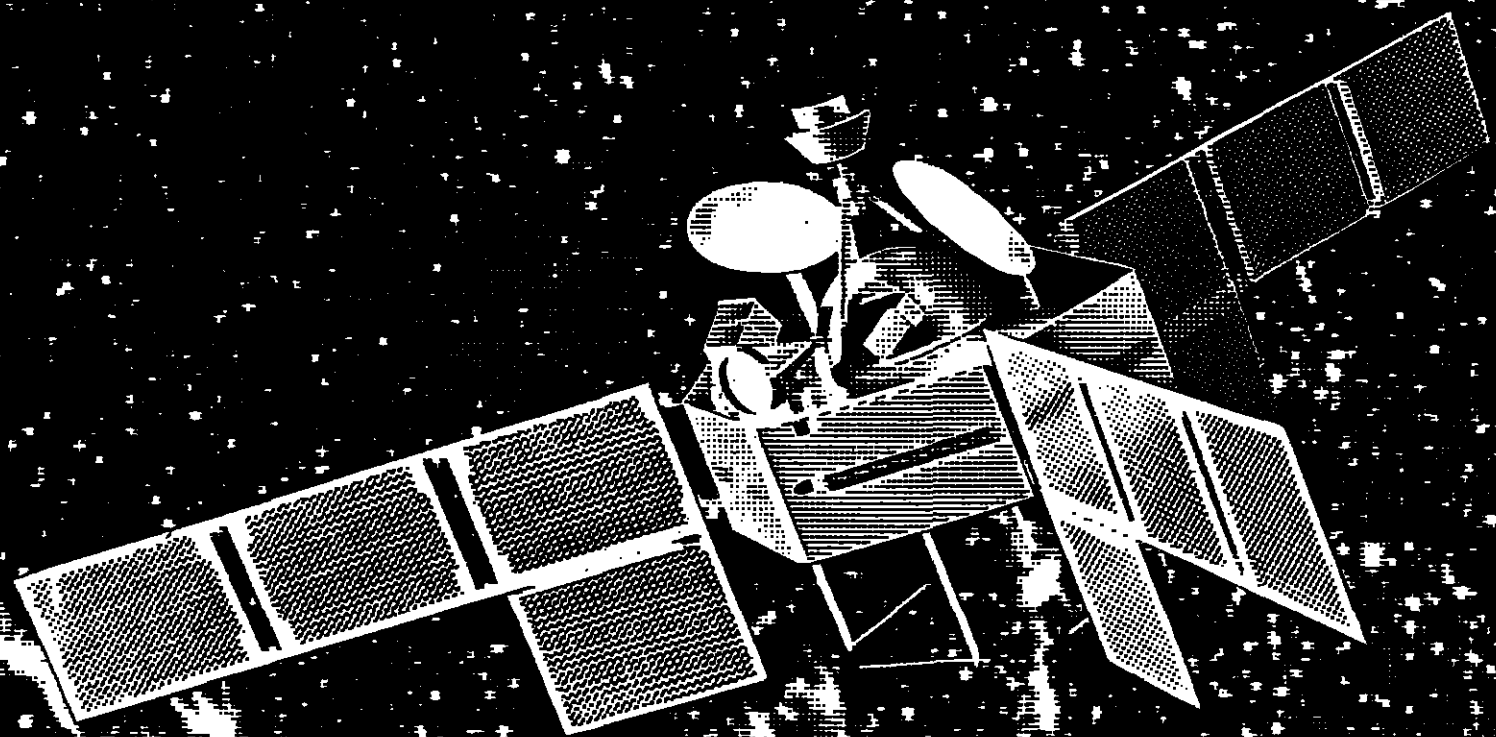
Often, it is a \$150 program such as VisiCalc, a program for business applications, that stimulates the sale of a \$1,000 microcomputer to a nontechnical buyer. Accountants, securities analysts, inventory planners and others who cannot distinguish a transistor from a diode — and do not care to learn — are con-

vinced by the speed that VisiCalc can bring to laborious calculations.

Mr. Fylstra and the 30 Personal Software employees at company headquarters in Sunnyvale, Calif., may have done as much to stimulate sales of the microcomputer as the engineers who honed computer technology to affordable levels. Minicomputer manufacturers demonstrated their appreciation to the young publisher by naming the VisiCalc program the "most significant contribution to the microcomputer industry in 1979."

But Mr. Fylstra predicts that, until there are programs that are easy to use, "we won't see the emergence of a mass home market."

Ideas and Achievement.



Before man can break new ground to leave conventional technology behind it takes ideas to show the technical possibilities. For example in the case of communications satellites whose reliable operation must be guaranteed for years. AEG-TELEFUNKEN has so far been involved with the construction of 26 satellite ground stations and 21 satellites, one of which was the Franco-German SYMPHONY II communications satellite launched into a geostationary orbit in 1975, which is performing its communication function perfectly to this

very day. Globe-spanning communications through satellites and ground stations—that's telecommunications technology by AEG-TELEFUNKEN.

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Designing for today, planning for tomorrow—setting the trends

Fiber-Optics Industry Flying High — and Expected to Go Much Higher

PARIS (IHT) — One of the fastest growth areas in telecommunications is fiber optics. Demand for this technology, which uses fine glass fibers to convey communications, is set to grow at the rate of 50 percent a year till the mid-1980's, and roughly 20 percent for the following five years, says Howard Strachman, of Cusack Concepts, a consultancy firm based in Menlo Park, Calif.

This means that by 1990, the annual market will top \$1.7 billion, a small but significant part of the forecast \$40-billion telecommunications market. Technology has advanced enough to make the fiber optic approach viable for use in operational telecommunications networks. Ironically, one of Alexander Graham Bell's neglected inventions was communications via a beam of sunlight in 1880. But it took almost a century for industry to turn to the technology and implement a system in a working public telecommunications network. According to the British government, it was the British Post Office that installed the first optical fiber cable for normal telephone traffic. The U.S. Electronic Industries Association says that California was first, while AT&T says that it was Chicago.

There may be other claims, but the British recently announced that the nation was about to embark on the installation of the "biggest fiber optics network in the world." The first stage will be a 450-kilometer (270-mile) network covering 15 intercity routes. By 1982 this will be followed with a network covering more than 3,500 kilometers (2,100 miles) at a cost of \$12 million.

The cable in the British network will handle 8,000 telephone calls simultaneously. A conventional coaxial cable would, say the British, have to be 3.5 times greater in diameter to carry the same traffic.

Apart from a greater capacity for a cable of a given diameter, fiber optics can be slipped into the existing ducts for conventional cable, giving higher capacity for low infrastructure costs.

The fibers themselves are expected to decrease in cost compared with traditional approaches.

They are more resistant to corrosion, but offer less resistance to the passage of communication signals than metal wires. This means that they need fewer regenerators to boost signals on long routes. Lastly, they are immune to electrical interference, which makes them considerably more reliable than metal wire systems in areas where high currents may be passing.

Several technical difficulties remain to be solved for some applications. Connectors are still difficult to make cheaply — one reason coaxial cables will continue to be used for some time.

But the overall advantages of fiber optics are leading a number of countries into pilot and operational schemes. The Canadian Ministry of Communications announced in June what it believed to be "the world's longest commercial fiber optic operation." Marginal-

ally shorter than the British plans, the network will cover 3,200 kilometers in Saskatchewan, cost \$56 million and be complete in 1984.

The Canadian system goes beyond the British offering in providing broad-band communications for carrying voice, data and video signals. It follows an experiment in Toronto covering 36 households. Here, the fiber optic network was designed to demonstrate the practicability of simultaneous telephone, data and television transmission.

The Japanese have experimented with a similar system dubbed HI-OVIS offering video communication as well as other telecoms ser-

vices. The French, however, have announced the most ambitious plans in this area. The erstwhile scene of high-level summits, Biarritz, has been selected as the host for subscriber-to-subscriber fiber optic network of so far undecided proportions.

Using rule-of-thumb calculations, France's director general of telecommunications, Gerard Thery, has worked out that it could be around half a kilometer of fiber for each of 20,000 subscribers. But it now seems likely that the network will connect only 2,000-3,000.

The Biarritz system may take the well-known "phone-in" audience participation in radio programs a stage further. One of the op-

tions being studied is to allow local citizens to take part in local television programs.

The United States installed its first operational public telephone links in 1977, and has been continuing to install relatively short links on intercity routes since then. AT&T hopes to build a 970-kilometer laser communications link between Washington and Boston. AT&T describes this as yet-another world's longest and says that it should be completed by 1983.

The AT&T offshoot, Western Electric, just over a year ago announced plans to build a 4,600-square-meter facility in Atlanta to manufacture optical fibers and associated hardware. The U.S. company describes this as "perhaps

the most tangible evidence of the degree to which lightwave communications systems have advanced toward becoming practical, commercially viable products."

Fiber optics are also finding their way into developing nations. Argentina's Entel this year installed a 3.7-kilometer optical link as a pilot scheme for forthcoming projects. The initial cable links two urban exchanges in Buenos Aires.

The way the markets develop is likely to differ considerably from country to country. Mr. Strachman forecasts a faster pick up for the market in Japan and Europe than in Canada and the U.S., for example.

Citing figures for demand for total systems

(from the light emitter to the other end of the cable), the U.S. market will be worth 1990, up from \$21 in 1978 at Europe, he says, will be worth \$10 million, by 1985 it will be \$100 million, by 1990 \$462 million, by 1995 \$1.4 billion, by 2000 \$4.6 billion.

While the 1978 market in mere \$10 million, by 1985 it will be \$100 million, by 1990 \$462 million, by 1995 \$1.4 billion, by 2000 \$4.6 billion. Japan is set for the fastest growth in the late 1980s. From a market in 1978, by 1985 it will be \$91 million and rise at around year to \$333 million by the end



A comparison of optical fiber and coaxial cable.

Increased Financial Aid to Developing Nations Is Urged

The chief of RCA believes that support from the 'advanced communicating nations' and the UN Development Program should help set up communications infrastructures.

PARIS (IHT) — "When I give a man a fish, I feed him for a day; when I give him a fishing net, I feed him for a lifetime." The man quoting a big line in fishing nets was Edgar Griffiths, president and chief executive of RCA.

Mr. Griffiths, in common with a number of other large communications equipment suppliers, came on strong in an international telecommunications conference last year in favor of further financial support to the developing world.

Backing his plea with the Chinese proverb, Mr. Griffiths said the support should come from what he termed the "advanced communicating nations" and the UN Development Program. It would go toward the setting up of communications infrastructures for developing nations. In turn, this would help them to build their economies, and to avoid falling further behind the developed nations.

Telecommunication Union. The International Telecommunication Union, the 154-member UN agency, in conjunction with the World Administrative Radio Conference held in Geneva at the same time. In view of the militant presence of the nonaligned nations at the radio conference, it was ironic that it bore the title "Third World Telecommunication Forum." But "third" was officially intended to denote third in a series, not to be a political identifier.

Speakers at the conference were quick to take advantage of the large developing-nation audience. Mr. Griffiths, for example, came up with a plan for a network of a dozen satellites that would meet all national and regional needs over the next decade.

But he claimed that annual funds for the ITU, the only organization that had the "experience, the expertise and the international range to organize a worldwide domestic satellite service," were less than the City of New York spent in one day.

Mr. Griffiths reckoned that the UN should

at least double the funding of the ITU from the present 4 percent of its resources.

IBM's ubiquitous chief scientist, Lewis Branscomb, made the same point: that more money is needed to speed up the installation of Third World telecommunications facilities. In Mr. Branscomb's words: "Enhanced international support to developing countries to assist in the planning of accelerated technical development of modern telecommunications facilities is needed."

The concern that large companies express over the well-being of the developing nations is not, of course, without some self interest — a point that Mr. Branscomb illustrated by a warning that a conscious, well-directed effort would be required in communications to avoid what he called "sub-system optimization on a national basis" — a development that would make it less easy for vendors to supply single-standard equipment. Put simply: The more money Third World nations have to spend on telecommunications, the better their suppliers will do.

Significant Note

But perhaps the significant note behind the two vendors' pronouncements was the call for the ITU to coordinate activities in this area. Opinion in the developed world is divided on which direction the ITU will take. Some believe it has become, like many UN bodies, polarized into a North-South argument. They

fear that it may become another Unesco — dominated by developing nations.

But the ITU has entered into fairly open conflict with the Paris-based Unesco. In particular, the ITU has staked a specific claim to the telecommunications sector, coveted by Unesco in its chosen mission to bring about a new world information network. The deputy secretary general of the ITU, Richard Butler, has publicly emphasized that the ITU is the "sole forum" for the regulation of international telecommunications, including contributions to the development of Third World telecommunications infrastructures.

There is more than a hint that U.S. suppliers have more to gain from cooperation with the ITU than they might think, given the often more-visible concerns of the Geneva-based organization with developing-nation problems. More, certainly, than they would get from cooperation with Unesco.

Third World Nations

Most Third World nations will be obliged for some time to procure their telecommunications know-how and equipment from developed-nation sources. Even assuming that they acquired the expertise to manufacture their own hardware, the demand in a single Third World country or in a regional grouping is hardly great enough to allow a manufacturing operation to reach the volume of output required to achieve economies of scale.

There are exceptions, such as the most part developing nation visers in the ITU have come to. But the conclusion has regional gatherings of telecommunications data-processing officials from explicit declarations on how the main as independent as possible suppliers.

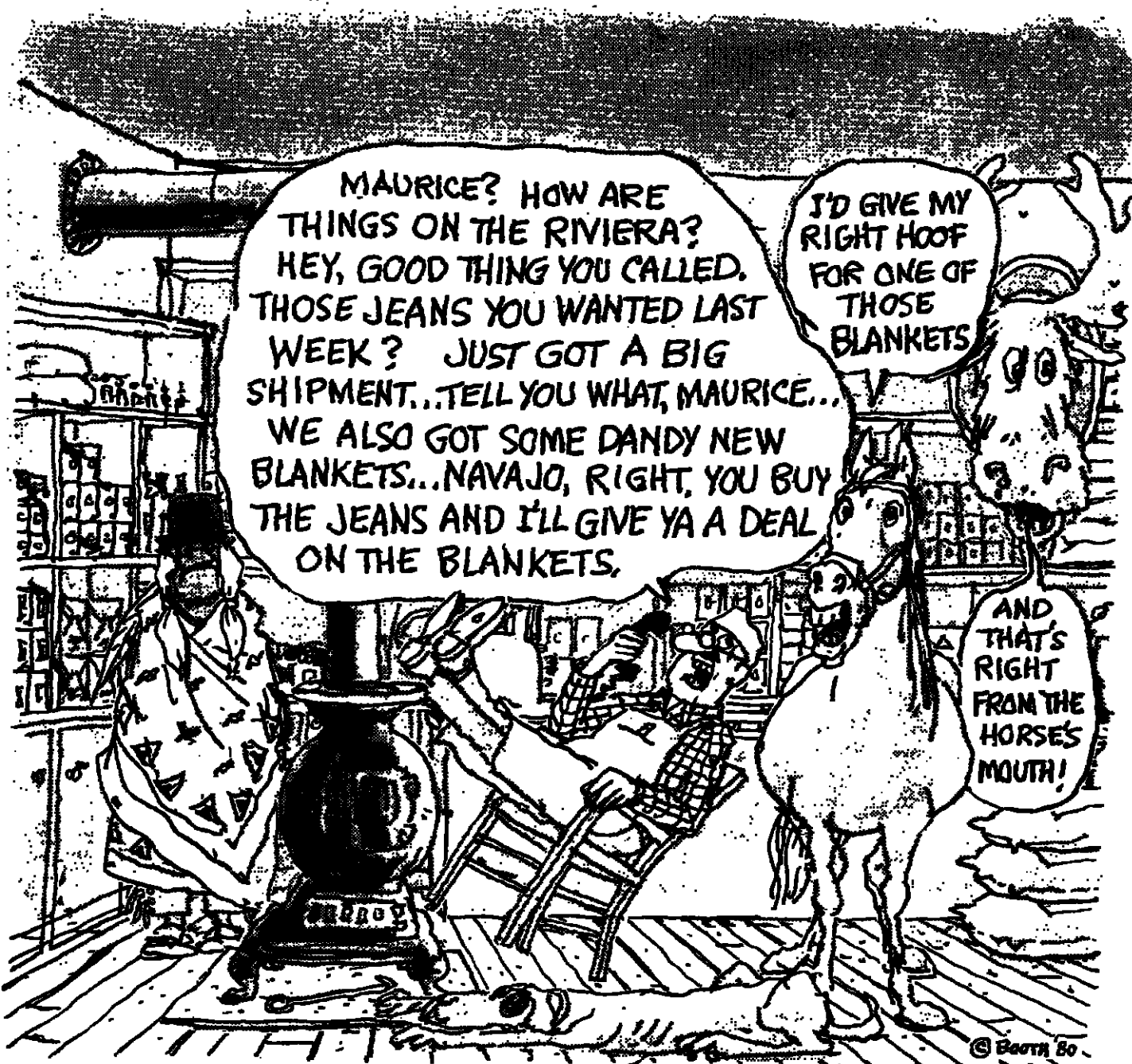
One of the attractions of the for developed-nation suppliers, is relative freedom of competition. ing nations have a home-based i vor. This makes for a free-for-a established suppliers, who appear lot of effort to getting a foot in markets that, though small, are fast in percentage terms.

Market Forecasts

A couple of market forecasts for small these markets really are co Europe and the United States telecommunications survey by Ar tie, Inc., projects the installation c worth \$15.5 billion in Latin Am the 1980s, with \$4.7 billion slated This compares with the consu- tions of \$176.7 billion for Europe in North America.

Forecasters at CIT-Alcatel see a of between 1.3 million and 4 million lines in Africa between 1978 and corresponding figures of between and 15.3 million in Latin America dictions give Europe a range of bet lion and 130.6 million lines and Na ca between 25.1 million and 56.3 m Japan shows a much bigger range o ty, with 9.3 million as a low force million as a high.

The French company's figures s the Americans, Canadians and th are going to be forced to pour mo forts into international markets, where the growth potential appears



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5 PM	12 PM	11 AM	11 AM	10 AM
6 PM	1 PM	12 PM	12 PM	11 AM
7 PM	2 PM	1 PM	1 PM	12 PM
8 PM	3 PM	2 PM	2 PM	1 PM
9 PM	4 PM	3 PM	3 PM	2 PM
10 PM	5 PM	4 PM	4 PM	3 PM
11 PM				

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Despite Squabbles, Standardization Gaining

PARIS (IHT) — For a number of reasons, standards remain one of the most controversial issues in the whole field of telecommunications. The most vicious international slanging match currently under way is taking place, mainly in public, between the British, Canadian and French authorities. Each is rooting for acceptance, by international standards bodies and, more importantly, by paying customers, of its particular version of the new videotex service.

But despite these squabbles, telecommunications and especially telephony has been one of the areas where international standardization has been most successful. In quite a number of nations now, a subscriber can pick up his phone and dial direct to another subscriber on the other side of the world. The call passes through dif-

ferent national networks on the way; but certainly as far as the user is concerned, without the slightest technical problem.

"Telecommunications engineers around the world should be proud of this," observed Deutsche Bundespost's Theodor Irmer, at Telecom 79. "They have created this worldwide network in a way which allows all people to communicate with each other in a very simple but effective manner."

This example of voluntary international cooperation contrasts strongly with the TV broadcasting fiasco that forces viewers in different European countries paying for expensive modifications to their sets to pick up programs from non-compatible transmitters in other countries — even when the viewers are easily within range of the transmitter.

But though telephony and other traditional services such as telex are success stories for international standards efforts, the story may be different for the rapidly growing data communications sector.

Telephony has developed steadily and been regulated by the PTTs (national telephone companies), observed Mr. Irmer. But this is not the case with data communications, "where new and powerful organizations and manufacturers voice their claims which are sometimes rather divergent from the PTT's views."

A further difference between datacomms and traditional services is the more rapid technical development of the former. New products emerge before international standard coordination can be achieved.

In Irmer's opinion, there will be few problems for facsimile transmission and teletex (or fast telex). Standards here are already relatively well defined. Videotex, as the present international conflict bears witness, is another story.

But there are also problems in making sure that different data terminals attached to a communications line can actually talk to each other. And this is the area where the hardware suppliers and the PTTs diverge.

Most manufacturers opt for a free market solution where those who pay for the terminal and the other systems components choose what technology they want. Some manufacturers such as Xerox, Digital Equipment and Intel have indeed banded together to provide a standard of their own for telecomm networks. The even weightier competitor, IBM, critics argue, has even more freedom to persuade its customers to use its own offerings in the datacomms area, simply because of its huge market share.

What such suppliers would argue is that free market forces will ensure that users are able to benefit from the most cost-effective range of products and they will not be held back by having to comply with technically out-of-date solutions. Supporters of the non-regulated approach say that standards have a tendency to fix technology at one stage of development, and the longer it is frozen at one level, the more costly it is to change to a more advanced stage.

As may be seen from the videotex controversy, it is not only hardware vendors who want to impose

their own products as a standard. National administrations such as the British Post Office and the French PTT are also keen to see that their home industries are favored by standards decisions.

The all-important reason is trade. For years, standards have been used as non-tariff barriers. By insisting that foreign suppliers' products comply with special national standards, PTTs have been able to limit or slow down imports of telecommunications equipment.

French PTT

Now with increasing pressure for home industries to export, it is becoming all the more important for nationally designed products first to comply with existing or upcoming international standards, and second, if possible, to actually establish a standard by being first in the field, thus putting competition at an early disadvantage.

The French PTT has a special team whose responsibility is to make sure any new products specified by the PTT for installation in the home market will also be saleable abroad. The British Post Office has done the same thing with its System X exchange, though a relatively inward-looking stance for a long period has probably handicapped the British telecommunications industry.

The same sort of reasoning applies to private sector manufacturers. But the PTTs are pursuing a parallel course aimed at making data communications networks as "open" as possible. Both French and German authorities are intent on minimizing the number of de-

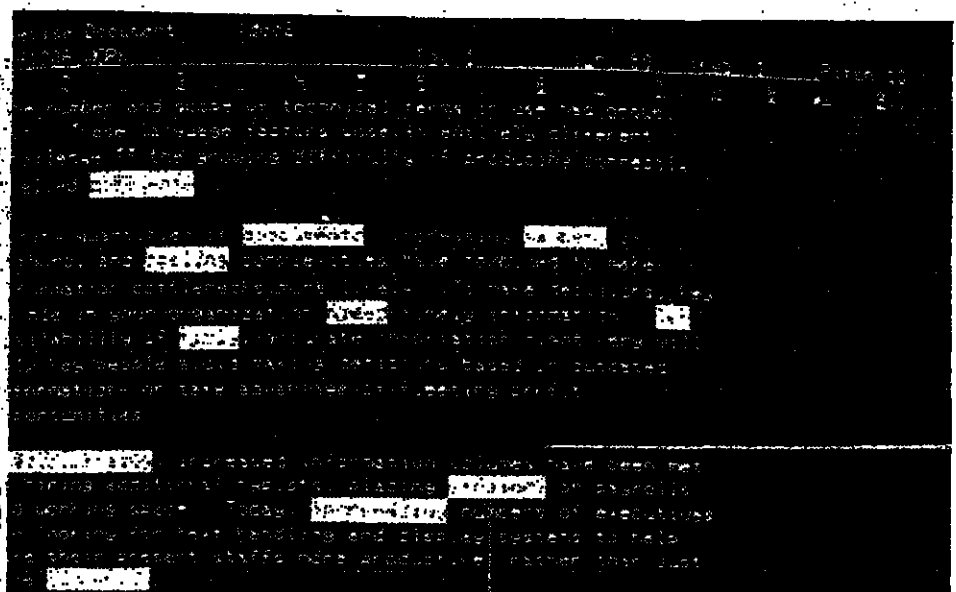
facto manufacturers' standards that could lock users into one supplier's system.

In a delicate balancing act between fostering home industry and opening up the market, they are encouraging the development of networks that will allow any manufacturer's terminal to talk to the terminals of any other, a more complex process than it sounds. Such moves are likely to bring them into conflict with the well-established vendors, who prefer freedom in product planning and not surprisingly are only too happy when users find reasons to buy more of their equipment.

The X.25 interface, a kind of link-up for data terminals, is an early example of PTT efforts to standardize terminal connections, though some experts claim that there are tricky differences between the various implementations of X.25. European and Canadian pressure has pushed IBM into supporting X.25 despite its frequent criticism of the standard.

Other attempts are under way. France's director general of telecommunications, Gerard Thery, is a particularly staunch supporter of international standards in his public utterances and describes total international compatibility between services as "an absolute necessity." The French are funding "open" point-of-sale networks to eliminate the proliferation of private vendor-imposed standard networks. Recently, the Germans, too, have announced government backing for "open" networks.

—A.L.



ILLING CHAMPION — IBM's Displaywriter screen shows misspelled words automatically highlighted by processor's electronic dictionary. It handles the spelling of 50,000 basic words and 500 special words. The system is part of an IBM drive to beef up its market share.

It's All Happening in Silicon Valley, Calif.

by Regis McKenna

ALTO, Calif. (IHT) — The culture of any community is a product of its social and economic structure. The so-called Silicon Valley here is no different in respect. Where it differs from others is in its intensity of and the pervasiveness of deriving its *raison d'être*. It is risk that has created what is regarded as the most technically innovative culture in the world.

Valley is 250 square miles of once-agricultural land, 30 miles south of San Francisco. Its population of 1.2 million and employment level of 640,000 — has expanded by almost 50 percent since 1975.

Valley boasts the highest concentration of high technology companies in the world. Some companies will produce and sell \$7 billion and \$9 billion high-technology products in making this area the ninth manufacturing center in the States.

Every three people employed in the valley works in high-technology jobs. Approximately one in ten holds an engineering degree and one in 50 holds a doctorate.

There is a constant demand for professional talent; it is insatiable. To

illustrate the point, a local newspaper contained more than 20 pages of employment want ads one day in August in the middle of what many concede is a major U.S. recession. Almost all of the ads were placed by high-technology companies.

It has been estimated that the Silicon Valley area generates one of every five new jobs in the U.S. high-technology industry. Such a demand has made an active market for technically trained professionals. This demand for skilled talent has also made the valley the second highest medium-income area, both in California and in the nation, with an annual average of \$27,000.

The label "Silicon Valley" comes from the major influence of the prolific semiconductor companies in the area. These include Fairchild, National Semiconductor, Signetics, Intel, Advanced Micro Devices, American Micro Systems, Siliconix, Intersil and many more. Silicon (pronounced SIL-uh-kon, not SIL-uh-cone) is the basic raw material used in the manufacture of semiconductors. The integrated circuit (or microchip) was invented here. So, too, was the microprocessor, or the computer-on-a-chip, as was the first commercial semiconductor memory.

Thousands of scientific firms

come out of the valley each year. For the most part, innovations are in the form of microchips or new applications of the semiconductor industry's products.

The rapid changes occurring today in communications, computers, data processing, automotive electronics, home electronics, energy conservation, appliances, financial transactions, printing and automation are all made possible by the microchip.

Most likely, behind a Silicon Valley innovation there is an entrepreneur. The Silicon Valley entrepreneur is composed of a mixture of those who have already succeeded, the availability of capital, the ability to tap talent and a willingness to "risk it all."

It is hard to think of a successful (or emerging) company in the valley without calling to mind the people whose style and character pervade that business. At National Semiconductor, for example, it has been Charlie Spork; at AMD, Jerry Sanders; at Intel, Bob Noyce; at H-P, Bill Hewlett and Dave Packard; at Atari, Nolan Bushnell. The latest success stories include Steve Jobs of Apple Computer and Jim Trimble of Tandem Computers.

not all technical geniuses or brilliant business people. What most of them have is the ability to take a risk and lead others to share their gamble. The greater the risk, the greater the reward, so that examples of "rags to riches" abound.

Successful Valley entrepreneurs generate a wide distribution of wealth through the sale of founder's stock, stock options and bonus plans.

Will the boom continue? As one industry guru said: "As long as there are new ideas and capital, the culture will perpetuate itself."

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Coblenz — at the junction of Rhine and Mosel.
Ludwigshafen — home of the world-renowned BASF chemical concern.
Kaiserslautern — commercial center in Southwest Germany.



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For further information about Rhineland-Palatinate, the opportunities available to foreign investors in Germany, and government financial aid, contact the RPW Economic Development Corporation for Rhineland-Palatinate Ltd. A free service for corporations and executives.



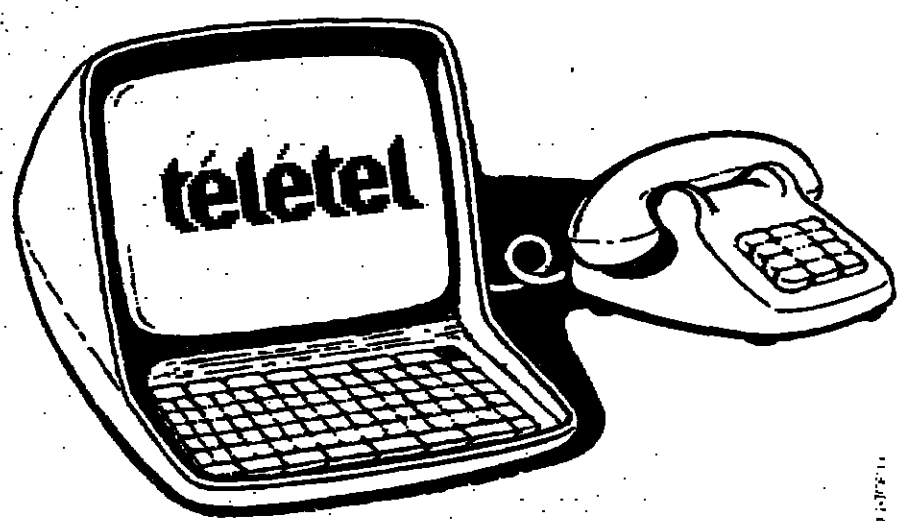
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New Telecommunications Services Are Getting Under Way Slowly

PARIS (IHT) — New services in telecommunications are proving themselves slow to take off. Apart from data communication, a number of new ventures hotly touted for success over the last couple of years have not attracted the expected support from the marketplace. Others, still not officially launched, may meet with more consumer resistance than had been predicted.

Though vendors and carriers are still looking for rapid growth in these new fields, the slow start does much to vindicate the skepticism shown by U.S. suppliers when confronted with the ambitious plans unveiled in Europe. Here, administrations are promoting several new services designed to revolutionize office practices —

and to open a range of facilities for domestic telephone users.

Among services that have gotten off to a hesitant start have been the British Post Office's Prestel videotex system and its German Bundespost counterpart, Bildschirmtext. Both systems allow access from the office or home to computer-stored data via the telephone network and a domestic television receiver. Though businesses rather than domestic users are expected to provide the bulk of the early markets, the "automated office," touted by industry for some years, is still in gestation rather than infancy.

All of these developments are plagued by low acceptability in the marketplace. Britain's Prestel was initially hit by component short-

ages. Since then it has made a little progress, particularly in its international version, where a restricted number of users are reportedly enthusiastic. The Bundespost's Bildschirmtext got under way in June with a 4,000-user pilot scheme. But despite virtually giving away the system, the initial subscription list was well below the targeted 4,000. Testimonies of the first users are not always favorable.

A couple of office users in Britain view Prestel as more of an expensive toy than a facility that will radically alter their information methods.

Promoters of the French PTT's Teletel, another videotex system, have been relatively quiet for some months now. But they are pushing ahead with a 2,000-3,000-user ex-

periment next year (later than scheduled) and deny that there has been any slowdown in their plans. An adaptation of Teletel technology will be the PTT's electronic telephone directory, which may be distributed to 34 million French telephone subscribers by 1992.

In the United States, vendors and carriers are adopting a low-key approach. Several pilot schemes for videotex and its broadcast equivalent, teletext, are getting under way. Facsimile services are also springing up. Several European countries are also beginning experiments with videotex systems, usually based on Prestel, while Canada's more advanced and more expensive Telidon is bidding for international acceptance. Japan, too, has its version of video-

tex, known by the acronym Cap-tain.

One explanation of the European enthusiasm (on the supplier level) is that the Europeans believe they can steal a lead over the United States if they can galvanize the market before it is ready. However, IBM adopted a similar position and it may be a misjudgment. The computer and communications company's affiliate, Satellite Business Systems, was planning to launch its satellite communications service in 1981 for high-speed business data traffic.

It now looks as though a lack of interest will push the company into selling a high proportion of its satellite capacity for voice traffic to make the system viable in its

early years. The market was just not ready for the advanced communications facilities that Satellite Business Systems was to offer.

Office automation is expected to be even slower to start up in Europe than in the United States. One reason is the reluctance of European executives to indulge in physical contact with a typewriter keyboard — the basis of many of the new devices that will transform offices.

Despite these shaky beginnings, both postal-telephone agencies and vendors have been investing heavily in new devices and services. In the latter case, they are seeking to safeguard sales revenues against the expected sag in the mid-1980s when switching equipment sales are likely to level off. The postal-

telephone agencies coming to the end of heavy network investment programs are trying to raise revenues from line usage as well as to foster national telecommunications industries in the face of mounting international competition.

There is, however, a considerable body of opinion that asks whether they have all been backing the right horse. Many people in the world, even in developed nations, are still afraid of using a telephone with a dial. "What will they make of the 40-button keyboard of the French telephone directory terminals?" asks one French consultant.

The PTT is asking itself the same question and to come up with the right answer it is carrying out ergonomic (human engineering) trials with 50 prototype terminals in the seaside resort of Saint-Malo.

While the French PTT is likely to sweep consumer resistance aside

by not giving the subscribers a choice, the administrative project for electronic mailing more and more of the original plans spoke of a million "Massfax" electronic devices during the decade were to cost between \$600 and \$1,500 each. Now they are closer to the projected be so low that volumes the development of a mass will cost nearer \$1,500.

The German Bundespost's facsimile service, looking to a much smaller market than the French will, is also being pushed by 130,000 users by 1990. The firm, Frost & Sullivan, predicts that by the end of the decade, facsimile terminals have passed their peak alone devices. Higher priorities seem to be the creation of fast telex and local editing facilities.

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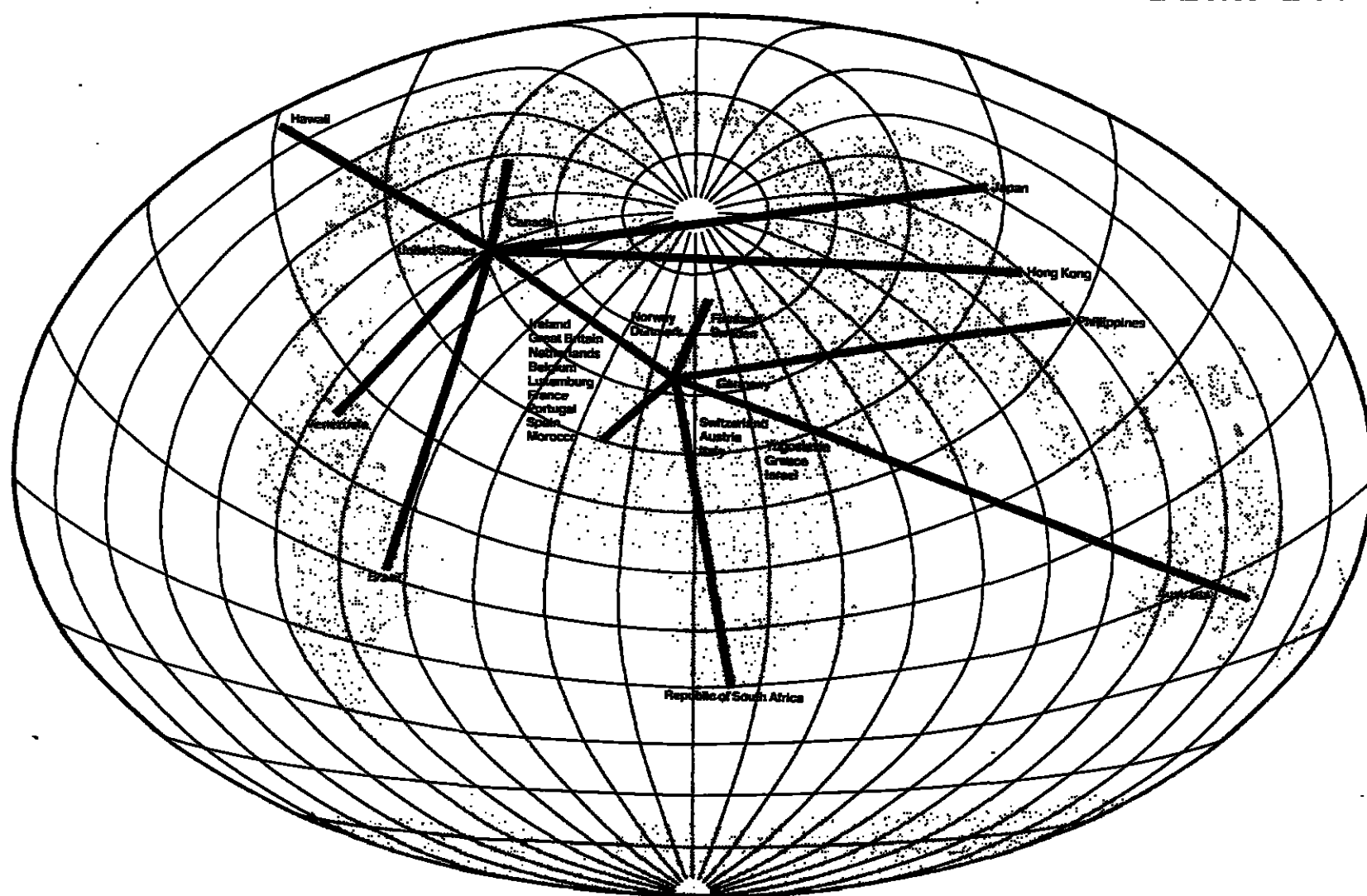
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Europeans Urged to Form Transatlantic Consortium

PARIS (IHT) — Europeans should stop complaining about the U.S. domination of transatlantic telephone traffic and should join to form a consortium of private firms to handle telecommunications between Europe and the United States.

That exhortation came in a recent publication sponsored by France's Ministry of Industry and written by an independent consultant, Jean-Pierre Chamoux.

Instead of complaining about U.S. domination of telephone traffic between Europe and the United States, the government-controlled carrier sector in Europe should allow private enterprises to launch a "Laker of telecommunications," Mr. Chamoux argued. (The reference was to Sir Freddie Laker, whose Laker Airways pioneered price-competitive flights from London to New York that led to much deregulation of international airline fares.)

Chamoux's Contention

Mr. Chamoux contends that such a body, freed from the outdated pricing and service policies of European post, telephone and telegraph services (PTTs), could fulfill a role in telecommunications

similar to that played by

ish-based Laker Airways. A business similar to U.S. international carrier, which handle traffic from the United States, telephone and lines, could be established to handle purely international traffic while the PTTs ex-

communications within boundaries, Mr. Chamoux contended. (Even excluding five U.S. international carriers — RCA, ITT, WUI, FTCC — share a \$300-million transatlantic market.)

The existing system of European multinational face of U.S. competition. "For the same quality of service, international is more expensive in Europe than in the U.S.," he noted. Further U.S. deregulation would be provided by proposals from the Federal Communications Commission further lower U.S. tariffs, increasing competition's only response, Mr. Chamoux, should be same.

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Japanese Setting Pace but Lagging in Daily Use

continued from Page 95
cassettes, tapes and the like, but with Japanese orthography. In-based systems can transmit image information to a television viewer, no home-sized ginate the thousands of Chinese and the two separate phonetic writing systems of 71 characters each. Written information must be complete from the central computer. Japanese typesetting requires a rator, which adds time and money process.

A Smaller Experiment

experiment is also under way in 100 television sets linked to a center via cable, which can transmit a lot of information than can teledata systems.

experimenting with another public communications network called Denden-tel. Sales-Management system the branch of this is the Shipping Information System (SHIPNETS), de-ansmit cargo information among shippers and forwarding agents.

istically, the Japanese have been laying the foundation for a quick data retrieval field. In addition to technology, which is formidable, sphone's international counterpart, nsha Denwa Co. — or KDD, this gurates a system drawing off ad-information systems.

International Computer Access Ser-) will hook into economic, scientific data banks through private concerns. The Kinokuniya Book and Maruzen Co. will link with bibliography of academic studies; Services International Dentsu venture between Dentsu, Inc., and sctric Co. will tie up with GE's t simulation programs; System De- Corp. of Japan will have access to chemical information from SDC in States; and Japan's leading finan-Nihon Keizai Shimbun, will link w York Times Information Bank.

Valuable Network

ally, KDD will establish an inter-luable and Efficient Network (VE-ving the United States, Japan and is. KDD forecasts that 100 compa-rticipate within a year, and Nippon-plans to set up an affiliate digital-Exchange Service which, over the ars, is expected to draw 2,000 users.

Telephone faces a challenge in the national politics. In 1977, a period luggish growth, Nippon Telephone n ambitious investment program part to boost the electronics and ions industry, and in part to devel-opology to transform the Japanese

Integrated communications systems have been slow to develop in Japan, and the closed nature of research and development contracts has thrust the government into another of its recurring trade disputes with other industrialized nations.

telephone network from an electro-mechanical system to an electronic digital one. Major contracts are expected over the next few years as part of the transition.

The United States, eager to see American technology penetrate the Japanese market, is pressuring Japan to force Nippon Telephone to open its bidding, which totaled 750 billion yen (about \$3 billion) in 1978, under the reciprocal government bidding articles of the General Agreement on Trade and Tariffs to be signed in January 1981.

Japanese Report

A Japanese government report found that 92 percent of Nippon Telephone contracts were closed to all but a handful of top firms, known as the "Denden (NTT) Family." That report, which called for speedy resolution of the highly publicized trade issue, said that 20 percent of Nippon Telephone contracts could fall under GATT-ordained open bidding. But the potential open categories cited were steel pipe, utility poles, facsimile devices, and "other secondary products" — words that grated harshly on the ears of U.S. negotiators.

The European Economic Community, which has seen Japan capture an increasing share of public communications contracts in Europe, Latin America, Asia and the Middle East, has also indicated that it may use GATT to exclude Japanese bidding on government contracts if Nippon Telephone does not open up.

Other Applications

Nippon Telephone substantially beefed up its research activities as early as 1971, when it founded two research labs, and the following year added a third, to work closely with private firms to develop advanced electronics. Among the more exotic current projects are Vapor-Phase Axial Deposition, a continuous process technique to manufacture optical fibers with low transmission losses and wide transmission bands; use of electron beams for the rapid manufacture of increasingly fine large scale integration (LSI) microprocessors; and solid state magnetic bubble memory modules.

Additionally, technicians are investigating the application of recent advances in integrated digital networks that a Nippon Telephone

brochure states can economically "establish an efficient interconnection between synchronous digital terminals, such as coders, synchronous multiplexers and digital switches, by utilizing a time-multiplexed digital interface."

KDD, in a separate research program, announced in June a breakthrough in a "single crystal" fiber to carry infrared beams. The crystals, uniform in atomic structure and arrangement, lose less light in transmission than standard optical fiber, which in turn can carry 5,000 circuits per line and are free from outside electrical interference.

French Set National Effort

Continued from Page 95

are realistic if we can maintain a convincing commercial presence throughout the world."

The commercial presence is evident at many companies. Matra is in the process of establishing distribution for its Matrafax telecopy equipment in the U.S. and Japan. Philips' subsidiary TAT is discussing licensing agreements in other countries for its analog-to-digital multiplexer. Jeumont-Schneider has adapted one of its products for the U.S. market.

But the French have also stirred up some criticism. French companies are often accused of receiving too much government assistance. Critics claim that they often win contracts because of soft loans and questionable financing practices.

"It's a rough business but the things we're accused of are hardly specific to the French," says Thomson-CSF Telephone's Mr. Saint-Denis. "We play hard but by the same rules as everyone else."

Added Mr. Montjean of CIT-Alcatel: "Of course, we're in favor of free competition on the international market. All the same our large national market may give us a cost advantage from time to time over our competitors."

But the crucial test for the French is not the availability of their sales force, the government assistance or even the way they finance substantial international deals. The bottom line is whether French products can compete in quality with those provided by other suppliers.

Lately the reaction has not been entirely positive. Business Week magazine said in July that Thomson-CSF Telephone's electronic ex-

change, which has been ordered by 16 countries, is still not working to capacity, that the company does not have a solid commercial network and that there will be layoffs within the organization. In addition, other countries will bring new and more sophisticated electronic switching systems on the market next year that could dent the French position in that lucrative market.

"We're a newcomer in the established telecommunications industry and our commercial success has disturbed the equilibrium," retorted Thomson-CSF Telephone's Mr. Saint-Denis. "It's not abnormal that some of our actions have been criticized. We stand behind our established reputation, as do our customers."

Can the French salesmen reach their targets or will their efforts be in vain?

Barry Dombey, a former vice president at a U.S. telecommunications company before joining Jeumont-Schneider, thinks the French have a good shot.

"The French have simply been more innovative in many areas of telecommunications than industry in other countries and this should pay off," he said.

An American executive who competes with the French concluded: "The French have taken the lead in a couple of areas, particularly in telematique, and if government help increases sales, then all the better," he said. "But in the end the same factors apply to everyone — we must be technically competent, price must be in relation to value and each company must decide to what degree they'll integrate into another country's infrastructure."

World Interest Is Turning To Communications Sector

Continued from Page 95

still observers who believe that communications and microelectronics might have a negative effect on jobs.

Impact of Telecommunications

Further into the future is the impact of telecommunications on the way individuals and society function. The current consensus is that the effect will be widespread. But planners so far have little data on which to make plans for the new information society.

These are just a few of the reasons why the public and private sector are interested in buying more communications equipment and services.

And if industry predictions are correct, the individual consumer will also soon be spending more disposable income on such telecommunications-related products as sophisticated telephones and terminals that can communicate with databanks.

But just as there is a tremendous market for communications products, so too is there cut-throat competition to sell them. Within industry, the leading players are only too ready to make accusations of dumping or price-cutting or to charge government aid in the form of supplying soft loans to potential customers.

It is this latter topic that has been arousing the most outspoken comments in the last year or so.

Among the strongest denunciations of what are effectively government subsidies for export are those from Canada's Northern Telecom. The company's president and chief executive officer, Walter Light, made no bones about it at NT's annual meeting earlier this year.

Threats to Canada

Speaking of threats to the Canadian and U.S. electronics industry from government-supported and subsidized companies in Europe and Asia, Mr. Light said: "Unless there is a recognition by governments at all levels in North America... that the rules of international trade are being changed, bent and broken to accommodate the industrial strategies of some of the world's strongest industrial countries, our ability as a company, as a country and as a continent to compete could be decisively damaged."

Some vendors have a less negative attitude. A spokesman for the new AT&T International acknowledged that inexpensive government financing "may prove to be the deciding factor in the growth rate of developing countries" and added that "it should enhance the ability of industrialized countries to maintain employment and boost exports."

Siemens and Thomson

Among the Europeans, the Netherlands-based Philips Telecommunicatie Industrie considers that soft loans "make a mockery of the

concept of technological improvement based on competitive impulses and tend to decrease [the] dependability of the equipment."

Two companies that have recently been involved in winning a soft-loan backed order are Siemens of West Germany and Thomson CSF of France. Reported terms of the deal to equip the Egyptian telecommunications system at a cost of around \$2 billion include French, Austrian and West German finance to the tune of around \$375 million.

"Financial aspects play a major role [in today's bid situations]," Thomson said, while Siemens commented that it welcomed government efforts "in all important industrial countries to establish the same competitive conditions for all tenderers in this field."

International telecommunications experts comment that the Japanese have won a lot of business in the developing world with easy finance. The government role in procurement is almost as controversial as its often critical intervention in supporting national companies' export efforts. While vendor relations with the PTTs (post, telephone and telegraph) are good in the sense that they continue to sell their products and by and large make profits, there are several points of friction.

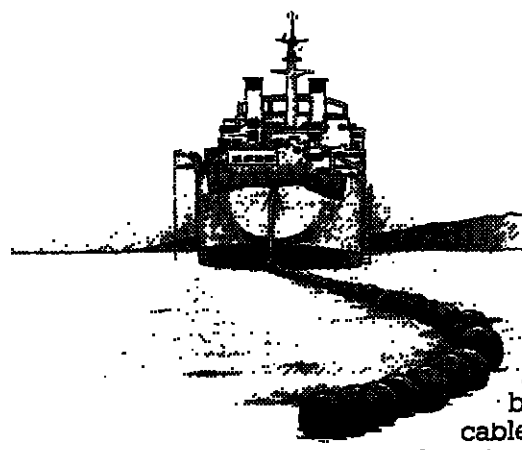
The French PTT is criticized for cutting order quantities and trying to maintain the low prices that go with large volume orders. It is also unpopular for the pressure it applies to get telecommunications firms to maintain employment levels. Plessey Telecommunications and Office Systems of Britain urges the PTTs to relax their tendency to buy only from indigenous manufacturers — a complaint heard frequently from other national firms.

Plessey Request

The Plessey request ties in with the clamoring of other firms for the deregulation of the market. This would allow the attachment of a far wider selection of devices to the PTT-supplied phone network and, its proponents contend, provide a much better environment for the consumer. Till now, most European PTTs have retained the right to market certain devices, occasionally at inflated prices and with unreasonable lead times.

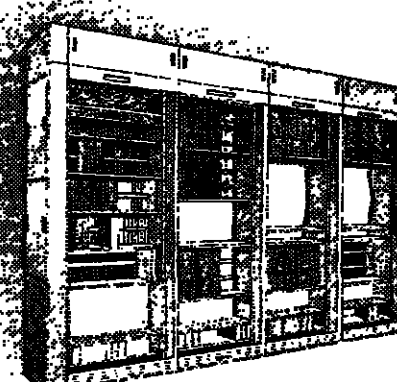
There are signs that this is beginning to be relaxed in Europe. But it is still not clear whether this will be taken far enough to have a significant effect on the market, and if so when it might happen. It is likely that the PTTs will hang on to their right to approve attachments, if not actually sell them. And this will remain a last-resort method of PTTs to discriminate against non-indigenous suppliers.

Northern Telecom has commented that "deregulation in Europe is at best a slow process and it will obviously be a long time, if ever, before European markets are as open to competition as North American markets have historically been."



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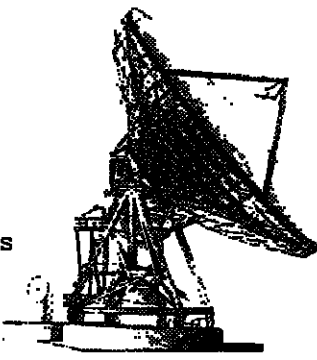
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CIT-Alcatel is proud to have contributed through its high speed data transmission equipment to bring France's leading newspaper in English to Hong-Kong, the center of international communications in South East Asia.

Japanese Electronics Companies Gearing Up for Videodisc Export Drive

By Robert Y. Horiguchi

TOKYO (IHT) — Japan's consumer electronics industry, having forged a worldwide near-monopoly in home videotape equipment, is busily gearing for a replay in the burgeoning area of videodiscs.

Its first thrust will be directed at the choice U.S. market, where three mutually incompatible systems are about to enter the fray. Europe is its second target area, while the domestic market is being relegated to the back burner pending the adoption of a standard system for Japan.

Meanwhile, the Japanese electronic equipment manufacturers are steadily paving the way for their projected export drive, primarily of videodisc players, by weaving a complicated web of technical tie-ups, joint ventures and other arrangements with their American and European counterparts.

The three videodisc versions that are in the commercialization stage are Discovision, developed by Philips, the Dutch electronics giant, and MCA, Inc., the California entertainment conglomerate, which uses a laser beam to "read" the discs optically; SelectaVision, the RCA entry, which uses a grooved capacitance system; and the Japan Victor Co.'s VHD/AHD system, featuring a grooveless capacitance system.

The latter two depend on a gem-tipped stylus to pick up electrical information from the spinning discs.

Of these three systems, the only one that is home-grown is JVC's entry and it is the front-runner in the race for adoption as the standard system in Japan.

Videodisc Player

The videodisc player is the video counterpart of the phonograph; it plays discs that have been pre-recorded with electronic signals incorporating both images and sound.

Relying on the political muscle and financial resources of its parent company, the Matsushita Electric Industrial Co., the world's largest

[Japan's] first thrust will be directed at the choice U.S. market, where three incompatible systems will compete ...

consumer electronics company, the Japan Victor Co. is counting on the support of the Ministry of International Trade and Industry to bring the industry into line behind its system.

Officials in the ministry admit in private that they would like to see this happen, if only to prevent a repetition of the imbroglio of the mid-1970's when the ministry took a hands-off attitude in the conflict between two incompatible videodisc systems — Sony's Betamax and JVC's HVS.

By adopting a *laissez-faire* position that stymied industry's attempts at standardization in VTR formulas, the ministry was blamed for having caused confusion that dampened consumer enthusiasm for the new product and touched off intense competition that led to increased costs in the development of foreign markets.

Still on the sidelines in the videodisc race in Japan are the three industrial heavyweights: Hitachi, Toshiba and Mitsubishi and Sharp.

Industry sources in Tokyo foresee that their choice of formula will be decisive in bringing about standardization in Japan and expect that the companies will announce their selection by the time the annual Tokyo Electronics Show opens in the first week of October.

What effect the adoption of a single system for Japan will have on the international scene

is open to question. Industry sources are convinced that worldwide competition among the three formulas will prevail during this decade, as three powerful groups are backing them.

They point out that the system that will dominate the U.S. market has the biggest chance of being eventually adopted as the universal standard since the United States has the world's largest entertainment industry and therefore offers the biggest reserve of source material for videodisc recordings.

But they concede that the system adopted as the Japanese standard will reap a rich publicity harvest.

Export Strategies

Against this background, the other Japanese electronics manufacturers are honing their videodisc export strategies by adopting an ambivalent approach to all three systems.

Sanyo Electric has announced that it intends to begin marketing players for RCA's SelectaVision discs in the United States in the second quarter of 1981, while exporting players according to the Philips-MCA formula for sale in Europe at about the same time. Sanyo is the first company to endorse two disc systems.

Sony will start exporting optical players to the United States this year for industrial use.

According to a survey by the Nikko Research Center, operated by a major securities firm, the list of Japanese companies that have concluded contracts or technology-transfer agreements with RCA reads like a roster of the Japanese consumer electronics industry. Named are Sanyo, Sony, Sharp, Pioneer, NEC, General, Clarion, Onkyo and Toshiba.

Pioneer Electronic

The Pioneer Electronic Corp. is the Japanese partner in Universal Pioneer, with Discovision Associates of the United States which, in turn, is owned 50-50 by MCA and IBM. It produces players and discs using the optical formula for both the consumer and industrial markets. It has been shipping its \$3,000 industrial-grade players since 1958, in-

cluding more than 10,000 of them to General Motors for use in dealer showrooms.

Optical videodisc players for consumer use already have been test-marketed since June by both Pioneer and Magnavox, a wholly owned Philips American subsidiary, in several parts of the United States. They carry a price tag of \$749.

RCA has announced that its SelectaVision

player will be priced at less than \$500 when it reaches dealers' shelves in the United States early next February. Pre-recorded one-hour-per-side discs will sell for \$15 to \$25.

According to a JVC spokesman, Susumu Kamura, his company will offer a player priced in a range between the above two when it enters the U.S. market in time for the 1981 Christmas-buying rush.

"Our player," he said, "will have all the features of the more expensive optical player, such as stop, slow and quick playback, as well as random access to any point on the disc. And our system also for high-quality stereophonic sound."

The RCA player does not have features and offers only monaural sound.

JVC System Disc

Mr. Kamura further asserted that for the JVC system can be manufactured basically the same facilities as those for discs, thus facilitating mass production at lower cost.

JVC and its parent, Matsushita, like its National, Panasonic and Quasar have enlisted General Electric Co. in the United States and the British entertainment conglomerate Thorn EMI Ltd. to form jointly owned companies to support the production of the VHD/AHD system in the States.

These will be a player manufacturing company, a title and artistic production and a disc manufacturing company. They will be located in the United States, where these operations the players will be supplied from Japan.

JVC is confident that through these ships it will be able to produce disc content varieties to meet the formidable potential sources of entertainment in the U.S. and Japan.

The latter has announced that it will access to the TV-tape and film libraries of NBC, CBS, MGM, Paramount and Rank Films.

The Nikko Research Center reports that the potential customer will be interested in the performer or artist rather than in the features of the disc.

This, it adds, will call for substantial investments without immediately foreseeable in the preparation of the programs for discs in order to be able to offer the large selection.



HIGH SCORER — Developments in the small-computer field have led to a proliferation of games and educational programs that can be plugged into the home television set. Most programs, for both children and adults, are in color.

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Algeria	4.00 Dir.	Brazil	1,160.00	Oman	0.600 Rials
Austria	33 S.	Italy	600 Lit.	Philippines	P. 5.00
Bahrain	0.550 Din.	Japan	Yen 200	Portugal	30 Esc.
Belgium	26 B.Fr.	Jordan	325 Fils	Qatar	5.50 Rials
Canada	C.\$1.10	Kenya	Shs. 13.00	Saudi Arabia	5.00 Rials
Cyprus	250 Mills	Kuwait	400 Fils	Singapore	5.51
Denmark	1.00 D.Kr.	Lebanon	213.25	Spain	60 Ptas.
Egypt	75 P.	Libya	1.00 Din.	Sweden	4.00 S.Kr.
Finland	20 F.	Luxembourg	26 L.Fr.	Switzerland	1.70 S.Fr.
France	400 F.Fr.	Korea	W. 250	Taiwan	N.T.\$20
Germany	1.80 D.M.	Malaysia	32.5 Esc.	Thailand	B. 10
Greece	25 Dr.	Malta	M.\$1	Tunisia	0.375 Din.
Hong Kong	H.K.\$2	Morocco	22 Cents	Turkey	T.L. 65.00
Indonesia	R. 300	Netherlands	3.50 Dh.	U.A.E.	6.00 Dirh.
Iran	125 Rials	Nigeria	1.90 Flor.	U.S. Mil. (Eur.)	U.S.\$0.50
		Norway	70 K.	U.S. Mil. (As)	U.S.\$0.35
			4.00 N.Kr.	Yugoslavia	33 D.

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Wait-and-See Policy Counseled for IMF

By Carl Gewirtz
International Herald Tribune

As the International Fund begins mulling should finance itself in national capital market in the politicalization of the policies of its major creditors, some European believe the fund would sit to sit back and wait. The theory is that ultimately laden Arab will have to go but to the IMF to ally institution willing to est at market rates. All top major commercial attempting to discourage of new deposits by of pay interest at an eight-quarter-point below the London interbank

INDICATED LOANS

few acceptable outlets to deploy their assets. But are not seeking loans and demand from the deficit-developing countries — to banks are not overly eager to increase their exposure — is up.

Greater Risk
identifying their list also ex- ceeders to greater risk, the only triple-A in- whose appetite for cash is to be as great as the avail- ility is the IMF.

development would solve of problems at once. The moneyman would remain removed from bearing credit risk in recycling phus to deficit countries IMF would replace com- ments in assuming the re- lity of continuing to uch countries during what e the worst of their finan-

tion, with the IMF the gor source of loans, it is in a position to oversee money was used to correct alances rather than on projects as is too often now.

Outstanding Debt
It's plight is shown in one ures: The amount of debt at the end of last year 1 to 54.7 percent of the mestic product, up from ent a year earlier.

while, European com- mers are reported to be pe- re-open business with Europe, which slowed af- riet military intervention nistan, Romania, Hun- Czechoslovakia are ex- to be the first to tap the

is also report that lending has taken on some of the istics of loans to Nigeria: s eager to sell their goods lean on their traditional finance Poland to make use. The exporters are re- pay the banks a commis- up to 2 percent to do the same time, Poland is ist that the financing be ally larger than the equred for the purchase, currently being syndica-

Electricity Supply Com- South Africa, up to ion with a margin of 3/4 r Libor for the first three 2 years. Front-end fees her 1/4 percent. However, as some surprise that carrying a government , would beat the South government in coming to et in its first public op- about five years. More sur- the \$250-million, seven- ration for the government ed to carry a split mar- ercent over Libor.

ers say the difference is 1 by the longer maturi- size of the government- redietbank Luxembourg- d Credit Commercial de are managing. Escot; Barclays, Citicorp and bank of Switzerland are e Republic of South Afri-

PHI will be the next Argon- over after all, despite car- that a less-well-known d come first. The just- d \$250-million operation overment ended satisfac-

torily, with managers claiming to have sold down 50 percent of their original offering despite the elongated offering period and the eight terms of a split 1/2- 3/4 point Libor. The state petroleum company is seeking bids for a \$300-million operation. One bank- er suggested it would have to pay a margin of at least 3/4 point over Libor with perhaps an element of 3/4 point over.

From Mexico, Nafinsa is seeking \$50 million for three years, offering a narrow quarter-point margin over Libor sweetened with a front-end fee of 1/4 percent. Bancomex is currently sounding out the market for a seven-year loan at a half-point over Libor.

Venezuela is said to be seeking numerous short-term loans. Corporaciona is reportedly seeking \$1 billion for one year. INP, the port authority, will be coming for \$225 million for one year and a number of smaller transactions are also under way. A private placement of \$200 million for one year at a margin of 3/4 point over Libor has just been completed by Banque Bruxelles Lambert.

Bankers are disappointed that Venezuela continues to flood the market with one-year paper. Its just-completed \$1.8-billion jumbo was designed to mop up the mess created from an earlier flood of one-year operations. In addition, the resignation of the highly re- garded director of public credit, Hernan Oyarzabal, has upset bankers here. They view his departure as an indication that the financial situation is running out of control.

The Greek telecommunications agency, OTE, is in the market for \$100 million, offering a half-point over Libor for six years and a margin of 3/4 point for the final two years. This is up a notch from the half-point paid by Public Power Corp. But those terms were deemed too good and managers were stuck with virtually the entire amount themselves.

Cyprus is looking for \$75 million and is indicating that it wants to pay 3/4 point over Libor for seven years — "too tight," one British banker said.

In France, bankers are gearing for a \$200-million loan for Caisse Nationale de Telecommunications and the expected low spread of a quarter-point.

One banker, questioned about the quarter-point spreads and rumors that Morgan Guaranty (which denies the report) was sounding out market response to a \$1-billion, three-year operation for a "prime, prime borrower" at a quarter-point over Libor, exploded:

"I wouldn't lend to the Kingdom of God, backed by gold, at a quarter-point over Libor." He said his bank, a top participant in this market, could not earn a profit at those rates.

Even before this news, gold had begun to emit feverish readings, rising some \$36 an ounce over the week to \$367 after touching almost \$700 in mid-week. The dollar eased a bit against the Swiss franc, the Deutsche mark, sterling and the yen.

Short-Term Rates
About the only key indicators holding steady last week were short-term DM rates — with the three-month rate bid at 8 1/2 percent and the six-month at 8 1/4 percent — and the Dow Jones industrial average, which was down for the week by a bare four points.

The reference to the Dow is meaningful for the Eurobond market because the only dollar issues for which there has been any sign of enthusiasm are those convertible into common stock. However, with so much overall uncertainty, the Eurobond market was virtually becalmed last week, with professional traders accounting for what little trade took place. Issues on offer include:

Marion Corp., an Alabama-based oil and gas exploration, production and trading firm, raising \$20 million in convertible subordinated debentures. An offshore financial subsidiary is offering 15-

Europeans Seizing U.S. Management Reins

By Herb Altschull
New York Times Service

BRUSSELS — America: home of the expert manager, exporter of management talent, preacher to the world in management techniques.

Maybe, but it seems that the converts are coming into their own with a vengeance. No one has exact figures, but agreement is general that the number of Americans in management positions in Europe reached its peak in the early 1960s and — after leveling off for a decade — is now on its way down. Part of the reason is simple economics and part is that management styles are converging, ending the U.S. stranglehold on the training and nurturing of the international executive.

The view from Brussels, where companies from all over the world gather to deal with Common Market functionaries, is clear. In the last year alone, Texaco, Citibank, Kraftco, and even The Conference Board, the private business research concern, have replaced key American executives with Belgians.

A recent survey conducted by the Ameri-

can Chamber of Commerce in Belgium, covering 1,168 U.S. concerns doing business in this country, showed that the No. 1 reason for replacing American employees was development of local management ability.

"Business isn't a thing of citizenship," said Paul Baudier, who has run the American Chamber of Commerce in West Germany

'Business isn't a thing of citizenship' — American Chamber of Commerce official.

for 28 years. "It's whether the guy you hire is able to do the job, not whether he carries a blue passport."

John Goossens, 35, was chosen by Texaco last year to run its operations in Belgium, his native country. "There are advantages for an American company in placing an American in charge of a European affiliate," said Mr. Goossens, "but there are just as many advantages in putting a national into that job."

Cost is, of course, a significant factor, and it ranked second in the Belgian survey. But as Kenneth Dierdorff, an American and manager of General Motors' large Antwerp operations, observed, "The multinationals are prepared to pay the price to keep an American in the job — if that manager is worth the tab."

No one knows the number of Americans working abroad. In its last annual report, the U.S. State Department listed 1.6 million civilian, nondiplomatic Americans registered as living overseas as of June 30, 1979, but not all who register work, nor do those who are in business for themselves or who work without permits necessarily register.

Still, the American presence is clearly shrinking. The American Club of Paris, a luncheon group and the social hub of the American business community there, reports its enrollment down to fewer than 400, from a peak of 600 two years ago. Airline companies, while they do not give figures, acknowledge that the number of Americans in Europe is down sharply, with fewer contracts to negotiate. Boeing, which once had dozens of

Rising Sales + Stocks = End to U.S. Slump

From Agency Dispatches

WASHINGTON — A surprisingly rapid resumption of retail sales, buoyed by an increase in the level of employment, as well as a restocking of business inventories means that the U.S. economic slowdown probably ended in July, the Commerce Department said late Friday. The department said the economy will show growth in the third quarter.

Her projection for the gross national product was a startling revelation because both administration and private economists have said repeatedly that they expected a third-quarter decline. Should her new outlook prove accurate, the 1980 recession will have lasted only six months, which would make it the shortest recession of modern times.

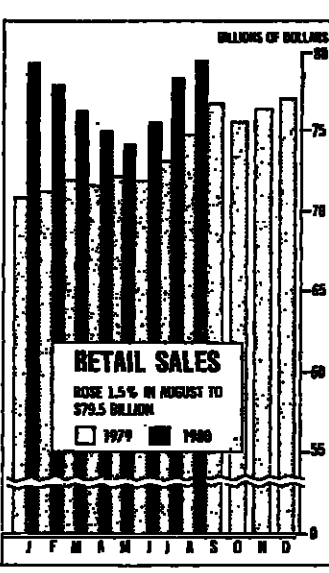
It appears to us, based on available information, that the point of the recession has been reached," she told reporters. However, she warned that a slow recovery would likely mean that unemployment would continue to rise for several months.

Inflation Still a Problem

Mrs. Slater said inflation "remained a serious problem" but rejected the argument that the brevity of the recession suggested a worsened inflation outlook. "I would not want to tie that concern to the notion that the recession is ending earlier than we thought," she said.

Despite the signs of recovery, Mrs. Slater contended that President Carter's proposed tax cut was still needed "not to get us out of recession" but "to keep the recovery going at a moderate pace."

Mrs. Slater's last public comment on the third quarter, made



several months ago, was that a decline of about 4.5 percent was likely. Treasury Secretary William Miller said only a few weeks ago that he expected a decline.

Private economists have been even more pessimistic. The latest projection from Merrill Lynch Economics forecasts a drop of 2.6 percent and that of Data Resources shows a decline of 2.8 percent.

However, Robert Gough, a Data Resources economist, said that two indicators released last week — a 1.5-percent rise in August retail sales and a 0.8-percent increase in July business inventories — had left him uncertain. Mrs. Slater cited these two indicators as central to her revised outlook.

In addition, Mrs. Slater noted that employment in August rose by about 200,000, suggesting that

personal income would be strong. That also led her to forecast that industrial production in August, due to be reported on Monday, would show an increase.

Private economists generally agreed with Mrs. Slater that if the third quarter remained as strong as it now appears, the fourth quarter was likely to show significant growth. Economists have been divided about whether the fourth quarter would be up or down.

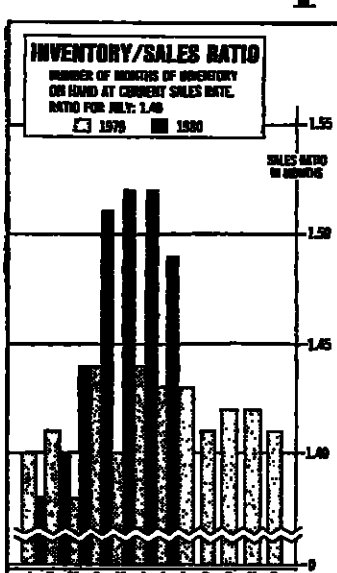
Rate Outlook Uncertain

Of the third quarter growth, Mrs. Slater would say only that it would be "fairly modest," adding: "There's enough evidence of upward movement in the economy that growth is likely to continue. I'm not saying growth will be very rapid."

"The data is telling us that there's more underlying strength and more recuperative power in the economy than we thought there was," she continued. "The consumer appears to feel more confident, more resilient than we thought."

She acknowledged that a principal uncertainty in the outlook was the course of interest rates, which she declined to predict. But she said it was a "reasonable assumption" that "interest rates will not rise enough to choke things off."

The surprise over the prospects for third quarter growth stemmed



from the fact that GNP changes from quarter to quarter are calculated on the basis of three-month averages. Because of the speed of decline in the second quarter, substantial growth in the third quarter would be required to make the GNP number positive. Put another way, even economists who believed that the recession ended in the summer expected the third quarter GNP to still be negative.

Algerian Effort Fails To Double Gas Price

By Paul Lewis
New York Times Service

PARIS — Algeria has unilaterally cancelled a 20-year contract to supply liquefied natural gas to Holland and West Germany, in what European officials see as another setback for the Algerian campaign to double the world price of natural gas.

The Dutch government has now publicly acknowledged that Algeria is unlikely to fulfill its contract to supply some 220 billion cubic meters of liquefied natural gas over a 20-year period starting in 1983 to the planned new LNG tanker terminal at Emshaven for distribution to Holland and West Germany.

Describing the Algerian decision as "regrettable though not unexpected," Dutch Economics Minister Gijbert van Aardenne told the Dutch Parliament last week that the Algerian government has said it does not now plan to build the expensive new gas liquefaction plant needed to fulfill the contract during its current five-year development plan, which ends in 1984.

Seeks to Double Price

The assumption among Dutch officials is that the Algerians do not consider the investment worthwhile at the prices which they think the Dutch and West Germans are likely to pay.

All this year, Algeria has been pressing gas customers to accept a substantial increase in prices which would align the cost of LNG with the price of oil. In many cases this amounted to a doubling of the price from around \$2.80 per million BTU's, the unit used for measuring the energy content of gas, to between \$5 and \$6.

Without such an increase Algerian officials have repeatedly warned that it will not be advantageous to export natural gas, particularly in liquefied form — the only way that gas can be transported for long distances across water.

Aims to Create Gas Cartel

At the same time, the Algerians have also been calling for the creation of a cartel of gas exporting countries, which would fix the world price in the same way that the Organization of Petroleum Exporting Countries controls the price of oil.

However, Algeria's principal customers are refusing to pay the new prices even though Algeria cut off supplies to France and El Paso

Gas Co. in the United States last spring to buttress its demand.

Earlier this summer, Algeria discreetly resumed LNG shipments to France at a price well below its original demands. Although the Algerians claim the new price is only a "down payment" towards a price that has still to be negotiated, French officials see the resumption as a major setback for Algeria's price campaign.

Last month U.S. energy officials held "useful" talks with the Algerian government on the broken El Paso contract, and another meeting is expected soon.

Italian Deal in Doubt

Algeria has continued to supply natural gas to Italy by submarine pipeline throughout the price dispute and apparently at prices well below those it demanded from France and El Paso. Nevertheless, the decision to cancel the Dutch contract has raised a question mark over plans to double this pipeline.

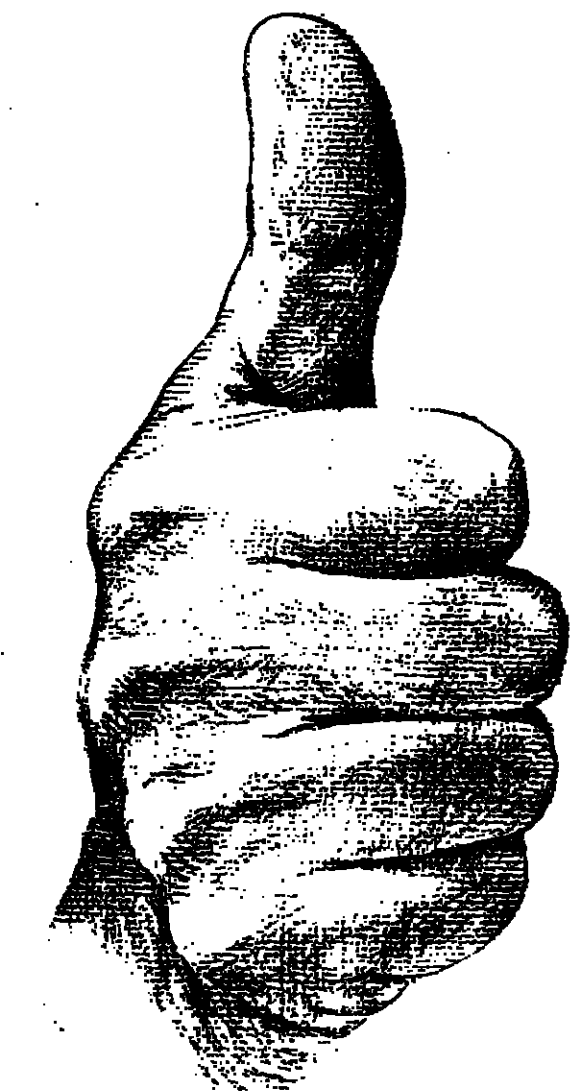
The Italian Industry Ministry signed an agreement in Algiers for increasing the pipeline's capacity only a week ago, but Algerian Energy Minister Belkacem Nabi said the work will go ahead only if the price is right. A communiqué spoke of the price being "adjusted to reflect the new realities of the international energy market."

Despite its calls for a gas exporters' cartel, Algeria has not been supported in its demand for a doubling of prices by other European gas exporting countries and this, in the view of officials here, goes far to explain its lack of success so far.

New Pricing Formula

Holland has adopted a new pricing formula for its natural gas exports to France based on the price of heavy fuel oil which brought a 15-percent increase earlier this year, but not the doubling Algeria wants.

Meanwhile, the Soviet Union, anxious to increase its gas exports to Western Europe, also is undercutting Algeria's demand for higher prices. French officials said, although a political ally of Algeria, which generally adopts a radical, anti-Western stance in world affairs, the Russians are currently negotiating a contract to supply West Germany, France and some other European countries with around 40 billion cubic meters of gas a year.



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EUROBONDS

opped reserves in the southwest United States, southern Australia and western Canada. It also has proven undeveloped reserves in the North Sea, Australia and the United States and is exploring in those areas as well as in France, New Zealand and Thailand.

Its 15-year convertible subordinated debentures are being offered with a coupon of 8 1/2 percent. In the year that ended last May, the company earned \$3.4 million on revenues of \$18.3 million and consolidated assets at that date totaled \$56 million.

From Japan, Jaceo Co., a leading consumer credit firm, offering \$25 million of 15-year bonds carrying a coupon of 7 1/2 to 7 3/4 percent and convertible into the Tokyo-listed shares at a premium of about 10 percent.

Jusco, a leading department

store chain, floating \$10 million of 15 1/2-year convertibles carrying a coupon of 8 percent and convertible into the Tokyo-listed shares at a steep premium of 19.4 percent. This issue carries a "put" whereby holders can redeem the bonds for cash at a premium of 123 percent of face value in 1986, which would result in an effective yield of 11.3 percent.

The relatively heavy volume of convertibles — not seen since the heyday of the late 1960s — makes some analysts feel uneasy. Digicon and Oak Industries of the United States have just completed issues, as have Nippon Paint and Minolta.

Record Tokyo Index

Analysts note that the Tokyo Stock Exchange index has been setting record highs over the past week and the Dow is not far below the 966.72 high for the year. What unnerves analysts is that corporations rush to issue convertibles only when they believe their shares are fully priced. The last rush of convertibles signaled the end of a bull market, and they fear a repetition. Also unnerving is the speculative quality of most of the recent U.S. convertibles.

In the straight market, GMAC Overseas Finance Corp., guaranteed by General Motors Acceptance Corp., has sold \$100 million of seven-year notes at 9 1/2 percent carrying a coupon of 12 percent for a yield of 12.05 percent to maturity. The effective yield is higher for lead

(Continued on Page 19, Col. 1)

CURRENCY RATES

Interbank exchange rates for September 12, 1980, excluding bank service charges

	\$	£	DM	F.F.	ItL	Chf.	S.F.	S.P.	D.M.
Amsterdam	1.950	4.640	10.67	44.05	3.375	1.775	—	17.23	3.910
Brussels (a)	28.52	64.925	14.49	4.928	—	—	—	—	—
Frankfurt	1.950	4.290	—	42.90	3.370	1.770	—	17.23	3.910
London (b)	2.415	—	4.295	1.985	2.430	4.445	48.85	3.228	12.29
Paris	6.465	24.24	47.88	20.41	—	47.22	29.47	57.59	13.97
New York	2.488	0.651	0.507	0.177	—	0.514	0.029	0.004	0.107
Porto	4.410	7.794	22.58	—	—	21.420	14.680	25.18	73.22
Zurich	1.695	3.914	9.147	39.284	—	1.894	84.257	5.700	—
WCU	1.472	0.580	2.512	0.284	1.203	2.149	42.894	2.376	7.238

	\$	£	DM	F.F.	ItL	Chf.	S.F.	S.P.	D.M.
Amro	1.950	4.640	10.67	44.05	3.375	1.775	—	17.23	3.910
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Zurich	1.695	3.914	9.147	39.284	—	1.894	84.257	5.700	—
WCU	1.472	0.580	2.512	0.284	1.203	2.149	42.894	2.376	7.238

(a) Commercial bank. (b) Amounts needed to buy one pound. (*) Units of 100. (†) Units of 1,000.

International Bond Prices—Week of Sept. 11

[illegible]

DM STRAIGHT BONDS

[illegible][illegible][illegible][illegible][illegible][illegible]

CONVERTIBLE BONDS

Ann	Security	Middle Price	Conv. Price	Conv. Pct	Conv. Pct	Cur. Yld
525	EUROPE		1 00 7/8	100	100	7.28
570	7 3/4% 1989 Jan	120	5 5/8	100	100	7.28
575	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
580	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
585	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
590	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
595	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
600	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
605	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
610	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
615	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
620	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
625	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
630	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
635	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
640	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
645	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
650	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
655	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
660	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
665	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
670	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
675	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
680	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
685	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
690	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
695	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
700	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
705	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
710	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
715	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
720	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
725	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
730	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
735	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
740	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
745	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
750	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
755	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
760	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
765	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
770	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
775	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
780	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
785	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
790	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
795	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
800	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
805	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
810	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
815	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
820	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
825	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28
830	6 1/2% 1989 Jan	120	5 1/8	100	100	7.28

\$12	4/34 % 1985 May	68 1/2	maturity	3.90	104.8	1.72
\$12	Alaska Interl 44.94	1	Mar 72			
	6 % 1987 Aug	127	maturity	5.22 1/4	2.56	1.72
\$30	Aico Standard 23.00		25 Oct 79			
	9 1/2 % 1994 Oct	93 3/4	maturity	5.40	11.21	5.28
\$30	American Can 17.89		1 May 69			
	4/24 % 1988 May	78	maturity	5.58 1/2	71.78	8.63
\$40	American Express 14.67		15 May 73			

[illegible]

5.13	Alida Castrol 12.20	1	1 Jan 70	
	5 1/2 % 1989 May	61	maturity	1.82
5.20	Mathewo Intern 20.62		15 Mar 73	
	5 % 1987 Jun	57 1/2	maturity	5.48 1/2
5.25	Montanto Intern 11.61		1 May 66	
	4 1/2 % 1985 Oct	57	maturity	3.60
5.50	Morgan Jn Ovrers 10.14		15 Jun 73	
	4 1/4 % 1987 Jun	65 1/2	maturity	5.52 1/4

[illegible]

— HIGHEST CURRENT YIELD
On convertibles having a conversion premium of less than 10%

Explanation of Symbols

**WILLIAM PFAFF
ON FRENCH AND
FOREIGN
AFFAIRS.**

International Herald Tribune
We've got news for you.

Chicago Exchange Options

For the Week Ending September 12, 1980

[illegible]

*These securities having been placed privately,
this announcement appears as a matter of record only*



FGH hypotheekbank

Amsterdam, The Netherlands

Dfls 60,000,000

9³/₄% Bearer Notes 1980 due 1987

Annual Coupon September 1

Bank Mees & Hope NV

Amsterdam-Rotterdam Bank N.V.
Pierson, Heldring & Pierson N.V.

Van Haften & Co. N.V.

Algemene Bank Nederland N.V.

Credit Suisse First Boston Limited
Kredietbank International Group

August 1980

STATEMENT CO
S.A.K.

	1969	High
MidIsk 20.2	76	21%
MidnIta 12e	143	34%
MidwDla 40	77	5
Mittler 40	786	34%
Mittler 145e	77	19%
Mittler 2	1008	39%
MineSci 5.40	51	73%
Mirr Rs. 12e	164	17%
Mirr Eng	319	13
MIRNCS	218	4%
MinnFeb 20	197	5%

	1969	High
MidIsk 20.2	76	21%
MidnIta 12e	143	34%
MidwDla 40	77	5
Mittler 40	786	34%
Mittler 145e	77	19%
Mittler 2	1008	39%
MineSci 5.40	51	73%
Mirr Rs. 12e	164	17%
Mirr Eng	319	13
MIRNCS	218	4%
MinnFeb 20	197	5%

Albino	100	34
Albino 1/2	100	34
Albino 1/4	100	34
Albino 1/8	100	34
Albino 1/16	100	34
Albino 1/32	100	34
Albino 1/64	100	34
Albino 1/128	100	34
Albino 1/256	100	34
Albino 1/512	100	34
Albino 1/1024	100	34
Albino 1/2048	100	34
Albino 1/4096	100	34
Albino 1/8192	100	34
Albino 1/16384	100	34
Albino 1/32768	100	34
Albino 1/65536	100	34
Albino 1/131072	100	34
Albino 1/262144	100	34
Albino 1/524288	100	34
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Albino 1/12379400674328779664447388736		

Selective Access


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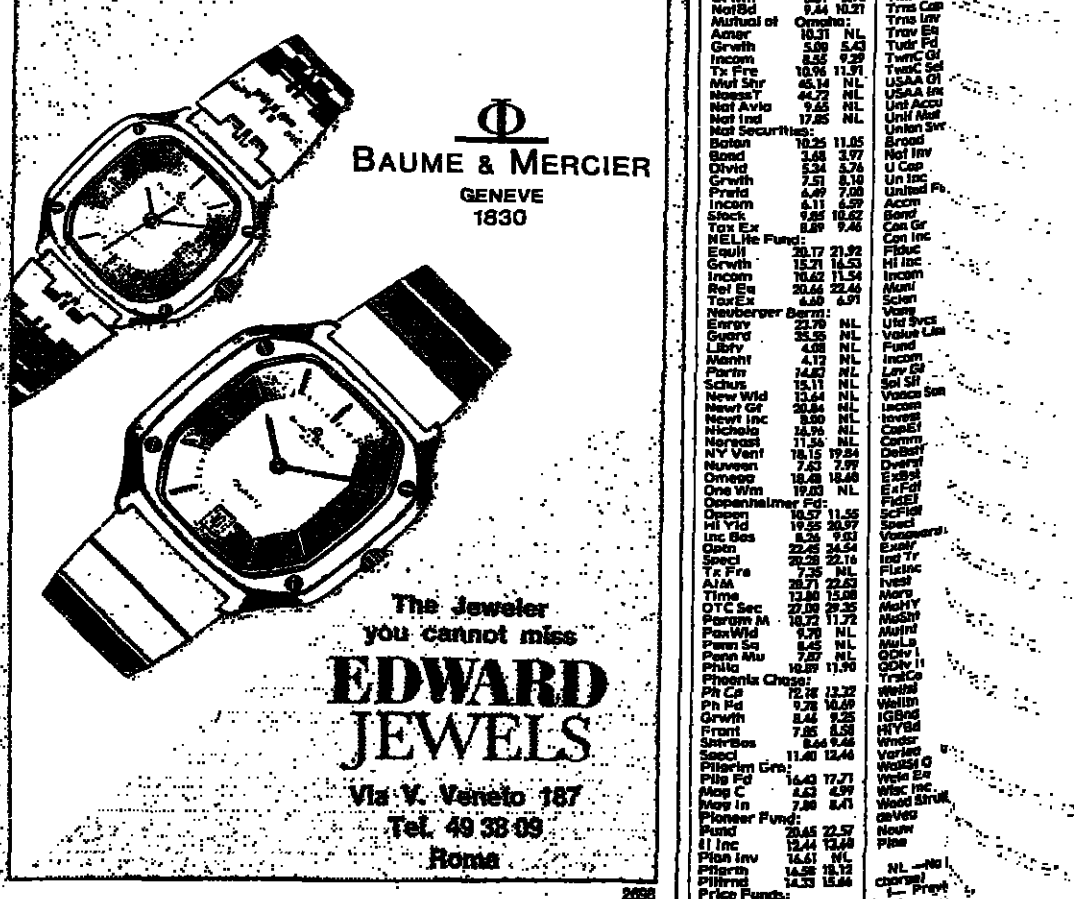


UNICO BANKING GROUP
The European Source for Multimarket Finance

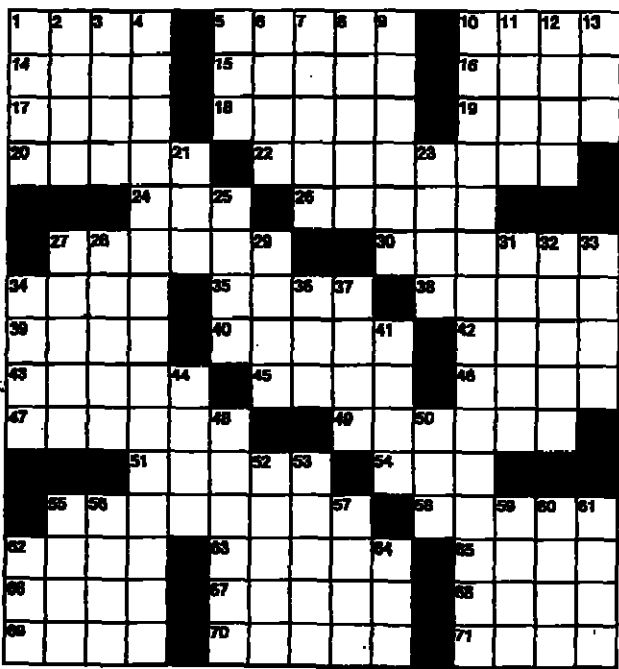
Advances: 475; declines: 326; unchanged: 149
New Highs: 148; new lows: 4

Income	4.64	5.22	HYPERION	7.33	NL
Spec	12.44	13.41	Industry		
Stock	11.29	12.17	ITCOP HY	13.58	14.37

MAK Opt	18.44	ShTx
MONEY F	11.35	ShTxInv
MSB Fd	17.81	Strat Gln
Muf Ben	10.22	SunGrth
MIF Funds:		Tax Mgd
Fund	8.34	Total Gt
Growth	5.57	Total W
World	9.44	Trns Cap
Mutual of	Omaha:	Trns Inv
Fund	10.31	Trns Es
		Fd



CROSSWORD By Eugene T. Maleska



ACROSS

- 1 Word with light or street
5 Cobra's relative
10 Resound
14 Tibetan monk
15 Remained stationary
16 Sarah
17 Jewett
18 Belligerent son of Zeus
19 Sheer linen cloth
20 "The Valley"
21 Kind of ray
22 Pope the question
24 "Odd Man" 1947
26 Prefix for dome or turf
27 Nasty (a body)
30 Mailer
34 Catamount
35 Prefix for gram or nautical
38 Church part
39 Russian sea
40 Australian marsupial
- 42 City in Oklahoma
43 Put into type again
45 Canopus or Procyon
46 Exigency
47 Nero or Caligula
48 Handles a blower
51 Army Lowell
52 Malicious mission
54 Solid caustic
55 Sphere missed by Casey
58 Distinguishing character
62 Spellbound
63 Willow rod
65 Japanned metalware
66 Newsman Elle
67 Chose
68 Foil's cousin
69 Great ancient
70 Diviners
71 Tajo and Ebro
- DOWN
1 This may be grand
2 Home of Irish kings
3 Red sky at morning, e.g.

Solution to Friday's Puzzle

WASH DCSEA PORT
ADAM BANS BYTO
ASIDE IN THE WOODS
SOME OF THE BEST
ALLES WILLL
GARY HATE AGA
BING PERON TIP
TO THE LINDEN
AOC HOUSE BLSE
SEN CASE MATT
RIPE DORE
BACOS AROUSERS
THEIR OWNERS
AONE HEAVE ASTA
DIED PAID DEAP

WEATHER

	C	H	N	LOW		C	H	N	LOW	
	F	F	F	F		F	F	F	F	
AMSTERDAM	17	13				23	19	14	57	Fair
ANKARA	19	16	41	Overcast	MADRID	23	19	14	57	Fair
ATHENS	19	16	41	Fair	MARILIA	27	23	19	Overcast	
AUCKLAND	19	16	41	Fair	MEXICO CITY	28	24	18	15	Rain
BANGKOK	29	24	26	Showers	MILAN	32	29	24	23	Showers
BEIRUT	17	13	18	64	Fair	MONTREAL	14	10	10	Rain
BERLADE	27	23	57	Overcast	MOSCOW	16	11	9	48	Overcast
BERLIN	18	14	10	57	MUNICH	27	23	19	Overcast	
BRUSSELS	18	14	13	55	NEW DELHI	28	24	26	77	Fair
BURJASSA	24	20	46	Fair	NEW YORK	27	23	18	44	Showers
BUDAPEST	22	18	14	57	NICE	24	20	16	10	Fair
BURJASSA	19	15	19	46	OSLO	16	12	10	28	Cloudy
CASABLANCA	28	24	26	75	PARIS	20	16	11	52	Overcast
COPENHAGEN	16	12	11	57	PRAGUE	17	13	8	46	Overcast
COSTA DEL SOL	16	12	25	Cloudy	RIO DE JANEIRO	24	20	17	27	Fair
DUBLIN	14	10	13	25	ROME	27	23	18	44	Fair
EDINBURGH	15	11	11	57	SAN PAULI	27	23	18	44	Fair
FLORENCE	18	14	13	29	SEOUL	27	23	18	44	Fair
FRANKFURT	18	14	13	25	SINGAPORE	27	23	18	44	Fair
GENEVA	22	18	13	29	SOFIA	27	23	18	44	Fair
HONG KONG	14	10	9	57	STOCKHOLM	14	10	10	28	Cloudy
HOUSTON	34	30	26	75	TAIPEI	27	23	18	44	Fair
ISTANBUL	14	10	25	77	TEHRAN	35	31	21	76	Fair
JAKARTA	28	24	27	43	TEL AVIV	28	24	19	44	Fair
JERUSALEM	28	24	27	43	TOKYO	27	23	18	44	Fair
JOHANNESBURG	27	23	12	54	TUNIS	29	24	22	72	Fair
LAS PALMAS	28	24	27	43	VIENNA	19	15	14	64	Fair
LIAR	22	18	14	57	WARSAW	17	13	8	46	Overcast
LISBON	18	14	13	25	WASHINGTON	35	31	21	76	Fair
LONDON	19	15	19	46	ZURICH	18	14	10	28	Cloudy
LOS ANGELES	24	20	18	44						

Readings from the previous 24 hours.

Readings from the previous 24 hours.

RADIO NEWS

BBC WORLD NEWS

Broadcasts at 0500, 0530, 0555, 0600, 0630, 0655, 0700, 0800, 0900, 1100, 1200, 1400, 1700, 1900, 2000, 2200 (all times GMT).

Suggested frequencies:

Western Europe: 480 KHz and 420 KHz Medium Wave, 5.775, 5.840, 7.125, 7.185, 7.255, 9.410, 9.520, 12.295 and 15.070 KHz in the 40, 41, 21, 23 and 19 meter bands.

East Africa: 1410 KHz and 2124 KHz Medium Wave, 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands.

North and South America: 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands.

Southern Africa: 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands.

Middle East: 1220 KHz and 2274 KHz Medium Wave, 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands.

South Asia: 1410 KHz and 2124 KHz Medium Wave, 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands.

East and South Asia: 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120 and 4.870 KHz in the 11, 12, 13, 14, 15, 24, 25, 27, 42 and 47 meter bands. Also for Stations only: 88.700 MHz VHF.

VOICE OF AMERICA

The Voice of America broadcasts world news in English on the hour and at 28 minutes after the hour during varying periods in different regions.

Suggested frequencies:

Western Europe: KHz 15.245, 7.225, 4.840, 5.855, 2.080, 1.777, 7.120, 9.740, 9.740, 1.290 in the 17, 41, 48.5, 24.7, 25.7, 281 (medium wave), 27 (medium wave), 25.5, 26.7 and 22 (medium wave) meter bands.

Middle East: KHz 15.245, 11.715, 7.225, 2.080, 1.777, 7.120, 9.740, 9.740, 1.290 in the 17, 41, 48.5, 24.7, 25.7, 281 (medium wave), 27 (medium wave), 25.5, 26.7 and 22 (medium wave) meter bands.

East Asia and Pacific: KHz 17.855, 12.955, 11.820, 9.580, 7.120, 4.870, 2.080, 1.777, 7.120, 9.740, 9.740, 1.290 in the 14, 14.5, 19.4, 25.4, 26.7, 11.5, 49.2, 190 meter bands.

South Asia: 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120, 4.870, 2.080, 1.777, 7.120, 9.740, 9.740, 1.290 in the 11.5, 12.8, 14.8, 25.2, 30.8, 41.2, 49, 50, 52 meter bands.

Africa: 25.650, 21.440, 17.855, 15.420, 12.955, 11.820, 9.580, 7.120, 4.870, 2.080, 1.777, 7.120, 9.740, 9.740, 1.290 in the 11.5, 12.8, 14.8, 25.2, 30.8, 41.2, 49, 50, 52 meter bands.

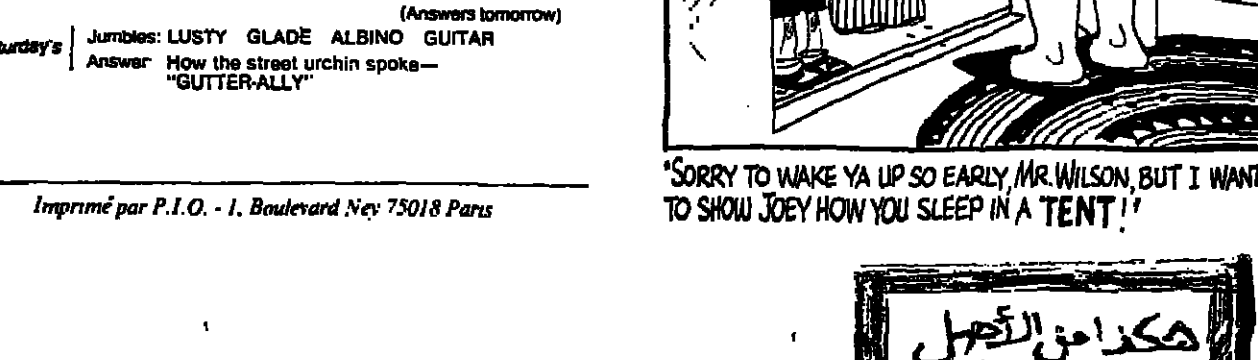
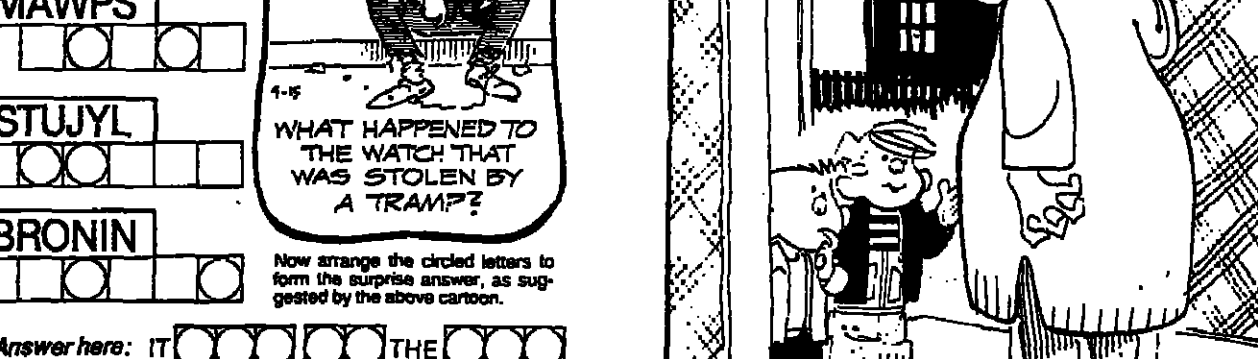
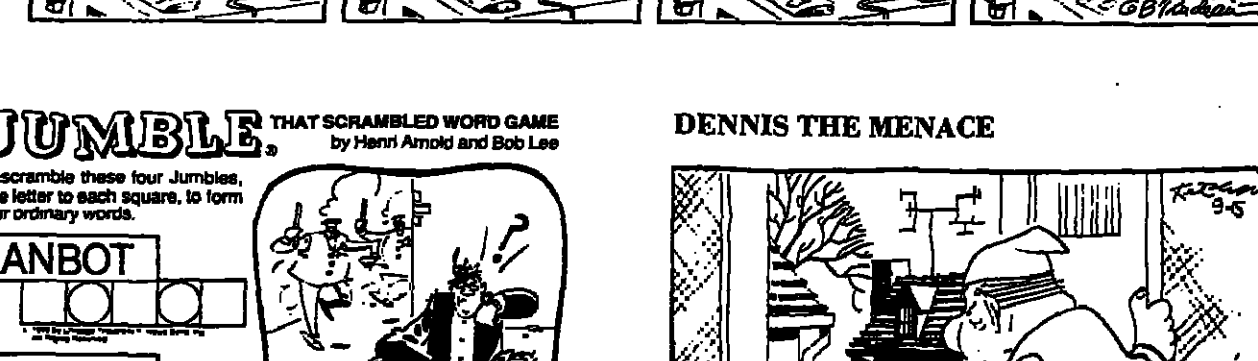
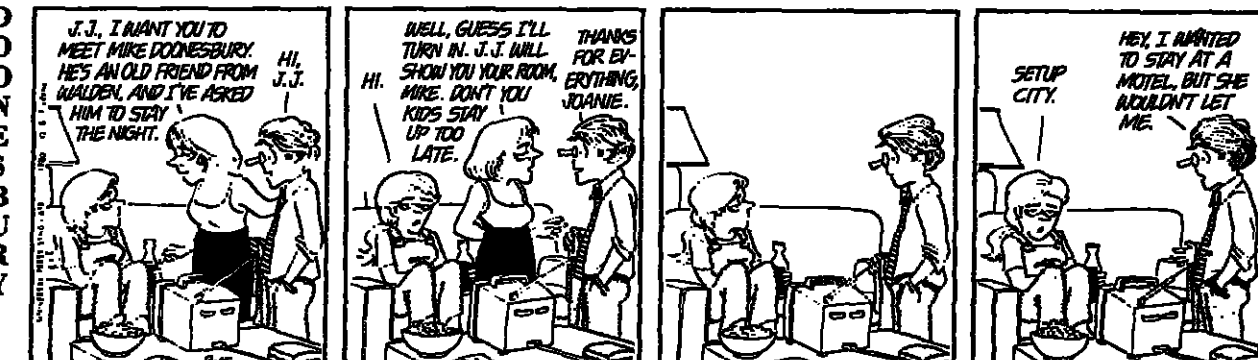
Parachutist Leaps Off 110th Floor Of N.Y. Skyscraper, Is Driven Away

United Press International.

NEW YORK — A parachutist jumped from the 110th-floor observation deck of the World Trade Center Saturday. The man landed on the street below, got into a waiting car and was driven away.

A guide on the observation deck of the south tower saw the man on the roof edge, but when he called to him, the man jumped. Tourists said he was wearing a backpack that opened to a red and white rectangular parachute. Lou Norcia, manager of the observation deck, said visitors expressed no particular surprise at the jump. "They thought it was part of the routine," Mr. Norcia said.

It was the second time a parachutist has jumped from the second tallest building in the United States. Owen Quinn, 35, a former merchant seaman, jumped from the north tower seven years ago. "Human Fly" stuntman George Willing scaled the south tower in 1977.



BOOKS

THE WHOLE WORLD IS WATCHING

Mass Media in the Making and Unmaking of the New Left

By Todd Gitlin. University of California Press. 327 pp. \$12.95.

Reviewed by John Leonard

TODD GITLIN was president of the Students for a Democratic Society from June, 1963, to June, 1964, before the press discovered the New Left and turned on what he calls "the spotlight" that became "a magnifying glass" that burned everybody to a crisp. He is now a sociologist at the University of California at Berkeley, and he looks back through a thick academic lens at the experience of a brief generation of young radicals, mostly male and entirely pale. He feels that 1963 was a crucial year. Until then, nobody had paid much attention to the SDS, a small group, or "friendship clump," of upper-middle-class university students who organized "face to face" on a variety of issues ranging from civil rights to Socialist economics to anti-imperialism. On being noticed, this "Old Guard" suddenly needed "spokespersons" who just as suddenly became "celebrities" no longer accountable to their rank and file, which rank and file was swollen by all the publicity.

No Coherent Program

What happened in 1965, according to Gitlin, is that the SDS under the magnifying glass was interpreted to be a single-issue fringe group specializing in extravagant gestures against the war in Vietnam. This "macho media" image attracted thousands of young recruits — "Prairie Power" — who wanted action and whose only experience of radical community was watching their "leaders" on television instead of arguing with them in committee meetings. There was no coherent program from the Old Guard, merely an upping of the ante on each successive rally of the troops, until the late '60s, when the Leninists and Maoists took over, with the terrorists frothing in the wings. They were misperceived, and they miscarried.

Gitlin's business is to contemplate the coverage of the SDS in 1965 by The New York Times and CBS News, to identify the elements of that coverage on SDS membership, strategy, tactics and self-image, and to generalize about the role of the press in legitimizing or trivializing or anathematizing a vocal opposition to the policies and ideology of a "liberal" "late-capitalist" "national-security state." Gitlin's argument is that the press, consciously or unconsciously, subscribes in general to an American ideology. "The system works, or can be made to do by moderate reform."

His argument requires him to consider the assigning of stories and their "framing," the selection and emphasis and "wrap-up," the "containing" and the "coding" of history instead of the reporting of it. He must look as well at corporate ownership, slippery notions of "balance" and "objectivity," the "personalizing" and "mediating"

of reality, the "contracting" of time and the "decontextualizing" of experience on page and screen, the "contradictions" of bourgeois culture and the infantilism of a deluding itself into believing it was a vanguard in a revolutionary "situation" when it was instead a moment on prime time.

The obligatory references are made to Antonio Gramsci and "hegemony." We are usefully reminded that "the process of making meanings in the world of commercial culture has become comparable to the process of making value in the world through labor." We are told that "celebrity," like money, bore a credit rating, can be "parlayed" into more celebrity, which leaves us with popularity instead of leadership. Revolutions are not the same thing as audience-popularity ratings.

By the late '60s, with antiwar sentiment on the rise among various American "elites" and the usual liberal constituencies, the press would employ its image of the New Left as one extreme against the other extreme of failed jingoism; the guilty reformist middle, wearing a tie and pushing a baby stroller, became the reality. A radical critique of the national-security state was "imagined" to be either bloody (the Weathermen) or a joke (Abbie Hoffman), or both.

Well: Any working journalist who has ever visited a college resents the naive professors who theorize about journalism; we have just left the scene of an accident and have a deadline. Nevertheless, we swim in our jobs, and it seldom occurs to us to wonder about the nature of the water, the concept of wetness. Gitlin, a very intelligent man, shoots some important fish.

In Need of Nurturing

And: Anybody who got anywhere near the New Left in the late '60s noticed that the "fatherless" young people needed a "nurturing" and maternal television to tell them at night that what they did during the day was real. They lacked any other reality principle. Gitlin is appalled. There were no fathers; there were only children.

But — and Gitlin knows this, too — times change, and so did The Times and CBS; bourgeois culture accommodates its contradictions by patching up a new consensus. How sinister is "framing" if, as he points out in his appendix, The New York Times, the Los Angeles Times and The Washington Post, during a five-month period in 1977, rarely agreed on the important story of the day and one-fifth of the time didn't agree on a single front-page story? The fathers don't know what they're doing, either.

John Leonard is on the staff of The New York Times.

CHESS

By Robert Byrne

GRANDMASTERS Roman Dzindzichashvili of Israel, Anthony Miles of Britain and Florin Gheorghiu of Romania tied with Larry Christiansen, the U.S. co-champion, and Lawrence Day, a Canadian international master, for first place in the World Open tournament in Philadelphia. Each of the five winners received \$1,640 for his 74-1/2 score.

To succeed in such strong competition — the field included nine grandmasters and 13 international masters — chances must be taken, and as Dzindzichashvili saw it, if this means a queen sacrifice, then so much the better. The unfortunate opponent who got the Israeli's queen only to lose the game was Mark Ginsburg.

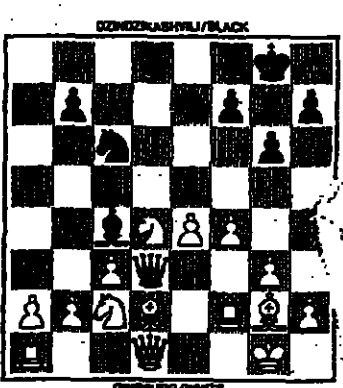
Rather than declaring his intention to build a strong pawn center with 5 P-QB3, Ginsburg might well have adopted the neutral 5 O-O, so that Black's choice among 5 ... P-Q3, 5 ... P-K3 or 5 ... N-B3 would not have been so clear. As the game went, Dzindzichashvili effortlessly obtained a fine center with 8 ... P-Q4, denying White any initiative.

Before Ginsburg could even dream of an eventual kingside attack, Dzindzichashvili opened the queen file with 10 ... P-KP3; 11 Q-P3 and tried to overwhelm him with the penetration 11 ... B-B5; 12 B-Q2, Q-Q6.

With the idea of proving that this violation of his space was presumptuous, Ginsburg offered a knight with 14 N-K4-Q47 to trap the queen with 14 ... K-P3; 15 N-K1, when Black's counterplay would not be sufficient after 15 ... P-P3; 16 N-Q3, R-N3; 17 P-P3, B-BP3; 18 Q-QB1, B-R3; 19 Q-KB.

With disaster staring at him, Dzindzichashvili discovered the ingenious counter 14 ... P-P3, which worked because Ginsburg stubbornly stuck to his plan. He should have coolly recaptured with 15 P-P3, the point being that 15 ... N-N3; 16 P-P3, B-N3; 17 N-B3, Q-N3; 18 Q-QB1 would have threatened 19 B-K3, at least winning back the sacrificed pawn with a powerful two-bishop position.

In this hypothetical line, Dzindzichashvili would have been able to insist on the sacrifice of his queen by 15 ... P-N3; 16 N-K1, P-P3; 17 N-Q3, R-N3; 18 P-P3, B-BP3; 19 Q-QB1, B-R3; 20 Q-KB, but his rook, knight and pawn would not have been enough compensation for the queen.



Position after 14 N-K4

Ginsburg's 15 N-K1 did, in fact, win the queen, but after 15 P-P3; 16 N-Q3, P-R3; 17 N-P3, P-N3 the improved placement of the Black pieces greatly enhanced the value of Dzindzichashvili's rook, knight and pawn, while the isolated White KP interfered with the mobility of the White pieces.

As Ginsburg floundered around looking for a game plan, Dzindzichashvili slowly walked him until the blunder 25 R-Q37 permitted the combination 25 ... N-N3; 26 Q-N3, N-N3! The key consideration was that 27 R-N3, R-R3; 28 B-B3, R-Q8; 29 B-B1, K-B3; 30 P-N3 (30 Q-N2ch, K-R2) is of no help. B-R6 would end all resistance.

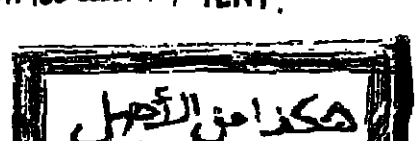
The pawn march beginning with 32 ... P-QN4! destroyed the defense. After 39 ... R-B6ch, there was no reason to play on since 40 K-B7, P-N7 would deny White any recourse against the promotion of the passed QNP, so Ginsburg gave up.

	White	Black	Draw	Win	Loss
1	100%	100%	100%	100%	100%
2	100%	100%	100%	100%	100%
3	100%	100%	100%	100%	100%
4	100%	100%	100%	100%	100%
5	100%	100%	100%	100%	100%
6	100%	100%	100%	100%	100%
7	100%	100%	100%	100%	100%
8	100%	100%	100%	100%	100%
9	100%	100%	100%	100%	100%
10	100%	100%	100%	100%	100%
11	100%	100%	100%	100%	100%
12	100%	100%	100%	100%	100%
13	100%	100%	100%	100%	100%
14	100%	100%	100%	100%	100%
15	100%	100%	100%	100%	100%
16	100%	100%	100%	100%	100%
17	100%	100%	100%	100%	100%
18	100%	100%	100%	100%	100%
19	100%	100%	100%	100%	100%
20	100%	100%	100%	100%	100%

DENNIS THE MENACE



"SORRY TO WAKE YA UP SO EARLY, MR. WILSON, BUT I WANTED TO SHOW JOE HOW YOU SLEEP IN A TENT!"



Piquet Takes Early Lead, Wins Grand Prix in Italy

Italy — Nelson Piquet, driving a Brabham-Ford, took a one-point lead in the Italian Grand Prix on Sunday, with only two laps to go.

Piquet, 28, scored his third victory of the season, ahead of Argentine Carlos Reutemann, who led the race for most of the day, and Frenchman René Arnoux, who led in the pole position.

Piquet, who started in the 15th position, took the lead on the 18th lap, and held it until the end of the race.

186-Mile Event

Piquet maneuvered the total distance of 186 miles — 60 laps of the 3.1-mile Imola track — in 1 hour, 38 minutes, 7.2 seconds. Jones finished 28.93 seconds behind, while Reutemann was 1:13.27 slower than the Brazilian.

Standings

Italian Grand Prix Results

1. Nelson Piquet (Brabham-Ford), 1 hour, 38 minutes, 7.2 seconds, 186 miles.

2. Carlos Reutemann (Williams-Ford), 1 hour, 39 minutes, 1.16 seconds, 186 miles.

3. René Arnoux (Renault), 1 hour, 39 minutes, 1.16 seconds, 186 miles.

De Angelis, Rosberg and Pironi all finished one lap behind the winner.

Other top finishers were Alain Prost of France, who was seventh in a McLaren, and South Africa's Jody Scheckter, who placed eighth in a Ferrari. Scheckter, the 1979 world champion, started in the race after passing medical checks for a sprained shoulder and neck suffered in a crash during trials Saturday.

France's Jacques Laffite drove his Ligier to ninth place, one lap behind Piquet, while Arnoux lagged 10th, two laps behind the winner. His teammate, Jean-Pierre Jabouille, withdrew because of engine problems in the final laps while holding third place.

Mario Andretti, of the United States, who won the Italian Grand Prix in 1977, finished 16th after holding the fifth position through the first half of the race. There were no serious accidents, although three cars went off the track.

Jones and Reutemann logged the fastest lap times in practice Sunday morning, much better than that of Arnoux, whose engine had not been performing to his liking. Renault mechanics added supplementary cooling tubes for Arnoux's brakes before the race.

Arnoux had shaved almost a full second off his opening round qualifying time Saturday to grab the pole from Jabouille.

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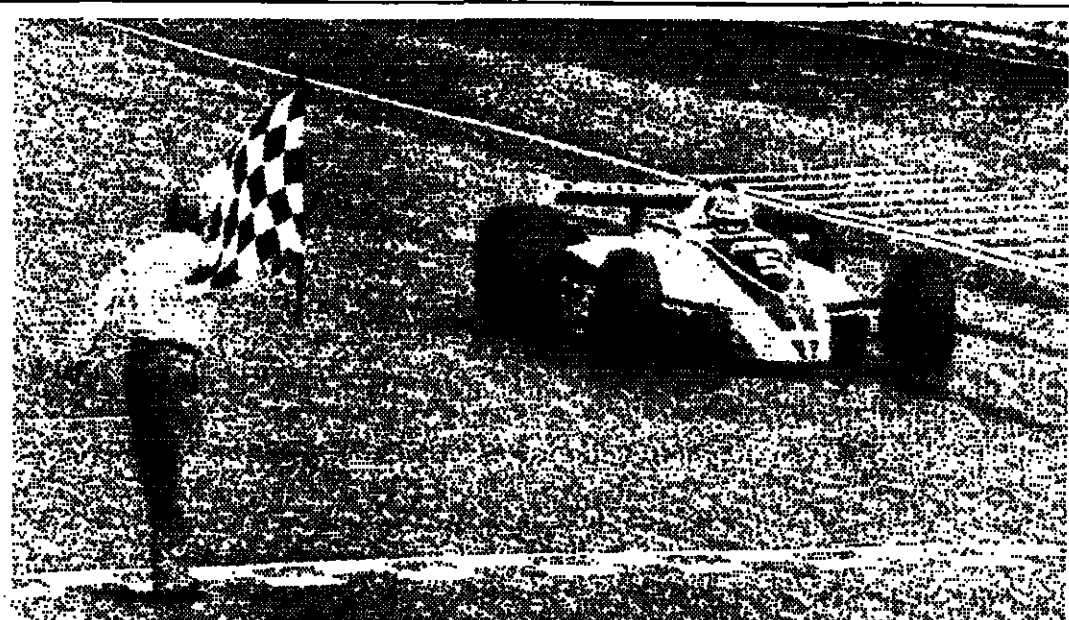
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Nelson Piquet crosses the finish line in his Brabham-Ford to win the Italian Grand Prix.

Bills, Aided by Interception, Defeat Jets

ORCHARD PARK, N.Y. — Free safety left Nelson returned an interception 50 yards for a touchdown and Joe Cribbs scored on a 1-yard plunge Sunday to power the Buffalo Bills to a 20-10 National Football League victory over the New York Jets.

Nixon picked off a Richard Todd pass intended for Bruce Harper at midfield and ran it back all the way to give Buffalo a commanding 20-3 lead with 54 seconds left in the third period. It was his fourth interception of the season.

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Yanks Beat Red Sox With 4-Run Inning

BOSTON — A two-run single by Bucky Dent started a four-run fourth inning and New York held on Saturday to beat the Red Sox, 4-3. It was the Yankees' seventh straight victory at Fenway Park and their 15th in 17 games.

New York opened the scoring in the fourth, when Lou Piniella singled and went to third on a double by Rick Cerone. Both runners scored on Dent's single to center. Dent was sacrificed to second and scored on a single by Willie Randolph off Red Sox starter Mike Torrez (9-14).

After Torrez was replaced by rookie Steve Crawford, Randolph was erased on Bobby Brown's fielder's choice. Brown stole second, went to third on a throwing error by Boston catcher Carlton Fisk and scored on a double by Oscar Gamble, giving the Yankees a 4-0 lead.

Boston reached New York starter Tommy John (21-7) for two runs in the fifth, and narrowed the gap with a third run in the ninth.

Orioles 6, Blue Jays 4

In Toronto, Dan Grahame singled in two runs and Eddie Murray hit a two-run home run as Baltimore defeated the Blue Jays, 6-4.

A's 6, Royals 2

In Oakland, Calif., Dwayne Murphy drove in three runs with a homer and a squeeze bunt and Bob Picciolo hit a two-run homer as the A's beat Kansas City, 6-2.

Twins 6, White Sox 5

In Chicago, John Castino hit his 11th homer and Pete Mackanin pitched a two-run single in the third inning to help Minnesota to a 6-5 victory over the White Sox.

Angels 10, Rangers 1

In Anaheim, Calif., Jason Thompson delivered a homer, a double and a sacrifice fly to drive in three runs and rookie John Harris hit his first major league home run, leading the Angels to a 10-1 rout of Texas.

Brewers 8, Mariners 0

In Seattle, Mike Caldwell pitched a three-hit and Ben Oglivie drove in three runs with his 35th home run and a double to lead Milwaukee to an 8-0 victory over the Mariners and give pitcher Mike Parrott his 14th consecutive loss.

Astros 3, Giants 2

In Houston, Joe Morgan and Gary Wood drove in runs with ground-rule doubles and Luis Pujols singled home the winning run to lift the Astros to a 3-2 victory over San Francisco.

3-1 Choice Wins in U.K.

United Press International

DONCASTER, England — Light Cavalry, a 3-1 choice with British champion jockey Joe Mercer aboard, led from wire to wire Saturday in winning the 204th running of the \$171,000 St. Leger Classic.

King Wins Title In Tokyo Tennis, Beating Holladay

The Associated Press

TOKYO — Top-seeded Billie Jean King defeated seventh-seeded Terry Holladay, 7-5, 6-4, to win an international women's tennis tournament here Sunday.

Americans Win 5 Golds In Kenyan Boxing Meet

United Press International

NAIROBI — American boxers dominated the action Saturday night, collecting five gold medals, three silvers and one bronze to win the team title in Kenya's Golden Cup boxing tournament.

Sanchez Outscores Ford For Featherweight Title

The Associated Press

SAN ANTONIO, Texas — Mexico's Salvador Sanchez, apparently confused in the early rounds, regained his composure and won a contested decision over previously undefeated Patrick Ford of Guyana in a 15-round match Saturday to retain the World Boxing Council featherweight championship.

Hancock, Seeking His First Victory, Leads Hall of Fame Event by Stroke

United Press International

PINEHURST, N.C. — Phil Hancock, a three-year veteran looking for his first victory on the Professional Golfers' Association tour, shot a 67 Saturday to move to 8-under-par 205 and a one-stroke lead entering the final round of the Hall of Fame tournament.

More Sports On Page 21



end Chris Jilleba of Syracuse breaks away from Ohio State linebacker Glen Cobb (35) and back Rod Gorley for a touchdown on a 5-yard pass play from quarterback Dave Warner.

